MONTHLY LABOR REVIEW

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This Issue in Brief

The changing status of bituminous-coal miners, 1937–46.

Workers in bituminous-coal mining obtained two general wage rate increases after 1937, each of these (1941 and 1946) averaging about 17 percent. Hourly earnings and especially weekly earnings rose much more than basic rates, largely because of the wartime adoption of the 6-day week and, for most workers, the 9-hour day. Supplemental gains included paid vacations, pay for travel time in mines, and improved standards of safety, health, and welfare. The rise in average man-hour output retarded increases in the amount of wages per ton. A return to the contractual straight-time workweek of 35 hours and to prewar part-time operation of mines would, under existing rates, severely reduce average earnings. Page 165.

Grievance procedure under collective bargaining.

Successful grievance procedures are characterized by good faith and mutual respect between union and management. This conclusion is based on a field survey of the functioning of grievance machinery in 101 plants. The findings of the Bureau are summarized in a set of basic principles of effective grievance procedure. The study also describes the procedural arrangements in the 101 plants covered; the role of the various management and union agents (foreman, union steward, industrial relations director); the influence upon grievance settlement of training programs, company pay for union grievance activity, central office policies, etc.; and the opinions of both management and union about existing arrangements. Page 175.

Hours of work and earnings in aviation occupations.

Wages and working conditions with the air lines are standardized to a marked degree. Typical earnings of air-line captains on two-engine aircraft range from about $600 to about $850 a month, but this variation depends mainly on length of experience. Captains flying four-engine planes have higher pay. Co-pilots make only a fraction of the sum they can expect to receive as captains. For skilled air-line mechanics, the usual starting rate is $1.20 or $1.26 an hour—yielding a wage of $48.00 to $50.40 for the prevailing 40-hour week. Detailed data on the hours of work and earnings of pilots, mechanics, and a number of other groups of flight and ground personnel—not only with air lines but also with fixed-base operators and the Civil Aeronautics Administration—are given in the article on p. 186.

Wartime wages, income, and wage regulation in agriculture.

During the war period the average net income of farm family workers, including farm operators, rose 199 percent above the 1935–39 average; the average wage of hired farm workers increased 188 percent. The per capita net income of persons living on farms advanced 232 percent and that of persons not living on farms, 107 percent. The wages of hired farm workers made greater percentage gains than nonfarm wages, in contrast to prewar trends.

The three types of wage controls in agriculture over the war period include (1) the continuance of minimum-wage determinations in the sugar-beet and sugar-cane industries under the Sugar Act of 1937 as a condition for payments of subsidies to growers; (2) regulation of farm wage rates under the wartime stabilization program; and (3) the ascertaining of prevailing farm rates for use in fixing the wages of foreign and interstate farm workers. Page 195.

Wage structure of the structural clay industry, October 1945.

Establishments producing structural clay products paid an average of 80 cents in straight-time hourly wages to their plant workers in October 1945; the corresponding averages for the three branches of the industry—floor and wall tile, sewer pipe, and other structural clay products—were, respectively, 67, 77, and 81 cents. About one-fourth of the plant workers in the industry earned less than 65 cents an hour, while less than a fifth earned as much as $1.00 an hour. Page 210.

Cash disability benefits for California.

By recently amending its unemployment-compensation law, California has adopted provisions for the payment of benefits to covered workers for time lost through sickness and injury. Although previously required, under the State law, to contribute 1 percent pay-roll tax on wages for unemployment compensation, eligible workers heretofore were disqualified for benefits if ill or injured. This tax will now be used to support the new disability program. Benefits will begin in May 1947, or earlier if authority is obtained for releasing employee contributions of 1944 and 1945 from the Federal Unemployment Trust Fund. The new system resembles the Rhode Island program, but allows for voluntary plans. Page 236.

Current Statistics of Labor Interest in Selected Periods [1]

[Available in reprint form]

Item	Unit or base period	1946			1945	1939: Average for year
		June	May	April	June	
Employment and unemployment						
Civilian labor force (BC): Total	Thousands	59,300	57,630	56,900	[2] 53,070	[2] 54,230
Male	do	42,030	40,950	40,310	[2] 34,350	[2] 40,950
Female	do	17,270	16,680	16,590	[2] 18,720	[2] 13,280
Employed [4]	do	56,740	55,320	54,550	[2] 51,990	[2] 46,930
Male	do	40,030	39,060	38,420	[2] 33,770	[2] 35,600
Female	do	16,710	16,260	16,130	[2] 18,220	[2] 11,330
Nonagricultural	do	46,760	46,440	46,360	[2] 42,900	[2] 37,430
Agricultural	do	9,980	8,880	8,190	[2] 9,090	[2] 9,500
Unemployed	do	2,560	2,310	2,350	[2] 1,080	[2] 7,300
Civilian employment in nonagricultural establishments: Total [4]	do	37,762	37,377	36,887	37,556	30,353
Manufacturing	do	12,771	12,655	12,543	14,538	10,078
Mining	do	821	725	505	794	845
Construction [5]	do	1,934	1,743	1,517	845	1,753
Transportation and public utilities	do	3,919	3,876	3,921	3,833	2,912
Trade	do	7,686	7,690	7,759	7,004	6,618
Finance, service and miscellaneous	do	5,150	5,140	5,140	4,589	4,160
Federal, State, and local government, excluding Federal force-account construction	do	5,481	5,548	5,502	5,953	3,988
Military personnel	do	3,422	3,853	4,360	12,297	362
Production-worker employment:						
Manufacturing	do	11,339	11,227	11,138	12,855	8,192
Bituminous-coal mining	do	342	259	74.5	331	371
Class I steam railroads, including salaried employees (ICC)	do	1,330	1,307	1,347	1,454	988
Hired farm workers (BAE)	do	2,453	1,975	1,652	2,357	[6] 3,099
Hours and earnings						
Average weekly hours:						
Manufacturing	Hours	39.9	39.7	40.5	44.6	37.7
Bituminous-coal mining	do	----	28.1	27.0	[7] 42.4	27.1
Retail trade	do	----	40.3	40.3	[7] 39.4	43.0
Building construction (private)	do	38.2	37.5	38.2	40.4	32.6
Average weekly earnings:						
Manufacturing	----	$43.10	$42.46	$42.87	$46.32	$23.86
Bituminous-coal mining	----	----	$34.98	$30.76	[7] $53.75	$23.88
Retail trade	----	----	$31.96	$31.40	[7] $27.56	$21.17
Building construction (private)	----	$55.23	$53.63	$54.29	$55.50	$30.39
Average hourly earnings:						
Manufacturing	----	$1.080	$1.071	$1.058	$1.038	$0.633
Bituminous-coal mining	----	----	$1.314	$1.239	[7] $1.256	$0.886
Retail trade	----	----	$0.861	$0.852	[7] $0.764	$0.536
Building construction (private)	----	$1.444	$1.431	$1.423	$1.374	$0.933
Average straight-time hourly earnings in manufacturing, using—						
Current employment by industry	----	----	$1.042	$1.023	[7] $0.976	$0.622
Employment by industry as of January 1941	----	----	$1.047	$1.027	[7] $0.933	$0.640
Quarterly farm wage rate, per day without board (BAE)	----	[6] $4.84	----	$4.36	[6] $4.48	[6] $1.59
Industrial injuries and labor turn-over						
Industrial injuries in manufacturing, per million man-hours worked	----	----	----	[6] 17.6	[6] 17.0	15.4
Labor turn-over per 100 employees in manufacturing:						
Total separations	----	5.6	6.3	6.3	7.9	[6] 3.3
Quits	----	3.9	4.2	4.3	5.1	[6] 0.7
Lay-offs	----	1.3	1.5	1.4	1.7	[6] 2.5
Total accessions	----	6.5	6.1	6.7	5.9	[6] 3.9
Labor-management disputes						
Work stoppages beginning in month:						
Number	----	350	360	465	482	218
Number of workers involved	Thousands	150	560	575	332	98
All work stoppages during month:						
Number of man-days idle	do	3,800	11,500	15,500	1,886	1,484
Man-days idle as percent of available working time	----	0.65	1.81	2.49	0.25	0.28

See footnotes at end of table.

Current Statistics of Labor Interest in Selected Periods [1]—Continued

Item	Unit or base period	1946			1945	1939: Average for year
		June	May	April	June	
Prices						
Consumers' price index (moderate income families in large cities): All items	1935–39=100	133.3	131.7	130.9	129.0	99.4
Food	1935–39=100	145.6	142.6	141.7	141.1	95.2
Clothing	1935–39=100	187.2	155.7	154.3	145.4	100.5
Rent	1935–39=100	108.5			108.3	104.3
Fuel, electricity, and ice	1935–39=100	110.5	110.3	110.4	110.0	99.0
Housefurnishings	1935–39=100	156.1	153.7	151.3	145.8	101.3
Miscellaneous	1935–39=100	127.9	127.2	126.0	124.0	100.7
Retail food price index (large cities): All foods	1935–39=100	145.6	142.6	141.7	141.1	95.2
Cereals and bakery products	1935–39=100	122.1	115.2	113.3	109.1	94.5
Meats	1935–39=100	134.0	133.5	132.8	131.6	96.6
Dairy products	1935–39=100	147.8	138.6	137.4	133.4	95.9
Eggs	1935–39=100	147.1	140.3	137.7	145.1	91.0
Fruits and vegetables	1935–39=100	183.5	185.7	185.9	192.6	94.5
Beverages	1935–39=100	125.4	125.4	125.1	124.7	95.3
Fats and oils	1935–39=100	126.4	126.1	126.1	123.9	87.7
Sugar and sweets	1935–39=100	136.2	135.9	135.3	126.4	100.6
Wholesale price index: All commodities	1926=100	112.9	111.0	110.2	106.1	77.1
All commodities other than farm products	1926=100	106.7	105.1	104.5	100.7	79.5
All commodities other than farm products and foods	1926=100	105.6	103.9	103.3	99.6	81.3
Farm products	1926=100	140.1	137.5	135.4	130.4	65.3
Foods	1926=100	112.9	111.5	110.8	107.5	70.4
National income and expenditures						
National income payments (BFDC)	Millions	$14,414	$12,768	$12,960	$14,397	[6] $6,024
Consumer expenditures for goods and services (BFDC)	do	[10] $30,165		[11] $28,077	[10] $25,480	[10] $15,406
Retail sales (BFDC)	do	$7,702	$7,926	$7,707	$6,304	[6] $3,574
Production						
Industrial production index, unadjusted (FR): Total	1935–39=100	171	159	163	220	100
Manufactures	1935–39=100	176	166	174	234	109
Minerals	1935–39=100	144	115	100	147	106
Bituminous coal (BM)	Thousands of short tons	50,700	19,790	3,434	50,987	[9] 28,270
Car loadings, index, unadjusted (FR)	1935–39=100	137	107	107	145	101
Electric energy (FPC): Total	Millions of kw.-hr.	21,460	21,288	21,265	22,999	[12]
Utilities (production for public use)	do	17,621	17,675	17,477	18,834	[8] 10,329
Industrial establishments	do	3,839	3,613	3,788	4,165	[12]
Construction						
Construction expenditures	Millions	$1,079	$976	$853	$491	[6] $643
Value of urban building construction started	do	$360	$371	$412	$147	[12]
New nonfarm family dwelling units		64,900	74,300	81,000	22,300	[6] 45,900

[1] Source: Bureau of Labor Statistics unless otherwise indicated. Abbreviations used: BC (Bureau of the Census); ICC (Interstate Commerce Commission); BAE (Bureau of Agricultural Economics); BFDC (Bureau of Foreign and Domestic Commerce); FR (Federal Reserve); BM (Bureau of Mines); FPC (Federal Power Commission). Most of the current figures are preliminary.

[2] Not comparable with April, May, and June 1946 figures because of a change adopted by the Bureau of the Census in July 1945 in sampling methods. (See Monthly Report on the Labor Force, September 1945.) Estimates for months prior to July 1945 are being revised.

[3] 10-month average—March to December 1940. (See footnote 2.)

[4] Excludes employees on public emergency work, these being included in unemployed civilian labor force. Civilian employment in nonagricultural establishments differs from employment in civilian labor force mainly because of the inclusion in the latter of such groups as self-employed and domestic and casual workers.

[5] Includes workers employed by construction contractors and Federal force-account workers (nonmaintenance construction workers employed directly by the Federal Government). Other force-account nonmaintenance construction employment is included under manufacturing and other groups.

[6] June.
[7] May.
[8] July.
[9] March.
[10] Second quarter.
[11] First quarter.
[12] Not available.

MONTHLY LABOR REVIEW

AUGUST 1946

The Changing Status of Bituminous-Coal Miners, 1937–46[1]

WORKERS in bituminous-coal mining made significant gains during the war and immediate postwar periods.[2] Only two advances in general wage rates occurred after 1937, each of these (1941 and 1946) averaging about 17 percent. Average earnings and hours of work, however, rose far more than basic rates, and important supplemental gains were made, notably paid vacations, pay for travel time in mines at established rates, and improved standards of safety, health, and welfare. Increases in earnings per hour caused a relatively small increase in wages per ton because of the rise in the output of coal per hour.

Between the two World Wars, the relative importance of coal had declined and workers suffered from part-time employment and relatively low weekly earnings, as well as the exceptional hazards of the industry. After 1932 these workers made relatively large gains in wage rates, but employment and average earnings were depressed by part-time operation of the mines, averaging less than 200 days per year.

If there is a return to the contractual straight-time workweek of 35 hours after the exceptional reconversion demands for coal are met, average weekly earnings would fall, on the basis of existing wage rates, far below current levels maintained by the lengthened workweek. The future of employment and earnings in the coal industry will be affected to an exceptional degree by the general level of business activity, on which depends the demand for coal as well as opportunities for transfer to employment outside of coal mining.

Wages and Hours Before 1941

Workers in bituminous-coal mining shared with factory workers and others the increases in wages during and soon after World War I. Hourly earnings (based on hours of work at the "face" or usual place of work) averaged about 85 cents in 1923 as compared with about 52 cents for factory workers. These averages were more than twice as high as those of 1914, even after slight declines from the early postwar peaks; consumers' prices were 70 percent higher.

Extreme competition in mining and difficulties in maintaining the strength of the miners' organizations led to sharp declines in wages

[1] Prepared by Witt Bowden of the Bureau's Labor Economics Staff.

[2] Sources used, in addition to regular reports and special studies by the Bureau of Labor Statistics, include publications of the U. S. Bureau of Mines and the National War Labor Board, the United Mine Workers Journal, and Industry Bulletins of the National Coal Association.

even before 1929, when hourly earnings averaged only about 68 cents, or 20 percent lower than in 1923. The hourly earnings of factory workers, in contrast, rose from 52 cents in 1923 to 57 cents in 1929, an increase of 10 percent. The average for bituminous-coal mining declined further, from 68 cents in 1929 to 50 cents in 1933, or 26 percent. Factory average hourly earnings fell from 57 to 44 cents, or 23 percent.

After 1933, workers in bituminous-coal mining made relatively large gains. Average hourly earnings rose from 50 cents in 1933 to 79 cents in 1936, or 58 percent, while the factory average rose only from 44 to 56 cents, or 27 percent. The year 1936 may be described in general as a wage "plateau," following the substantial post-depression gains and preceding the upturn beginning in 1937. In bituminous-coal mining, this upturn was reflected in the 1937 wage agreement.

The agreement of April 1937 extended to March 31, 1941, and covered a part of the crucial period of preparation for national defense. The agreement retained the 35-hour week of 5 days and 7 hours per day, which had been adopted in 1934 in mines employing almost three-fourths of the workers and which had been extended by 1935 to about 98 percent of the workers. The agreement for the Northern Appalachian areas provided for an increase of 50 cents per day, from $5.50 to $6 (or from 78.6 to 85.7 cents per hour). The corresponding increase of 50 cents in the Southern Appalachian districts was from $5.10 to $5.60 per day (or from 72.9 to 80.0 cents per hour). The agreement provided for equivalent increases for other groups, including the piece rates of tonnage workers. Outside of the Appalachian territories, regional differences were recognized, depending on such conditions as the nature of the coal seams, customary arrangements, and in some instances the economic status of mines. The 1937 agreement introduced premium pay for overtime at time and one-half.

The general increase in wage rates for the industry as a whole under the 1937 agreement is indicated approximately by the change in average hourly earnings. The averages for the years 1936 and 1940 are to be preferred as a measure of the rate increase because of similarities of employment and production levels and average hours of work during these years. Average hourly earnings rose from 79.4 cents in 1936 to 88.3 cents in 1940, an increase of 11.2 percent.

The 1939 agreement renewed the terms of the 1937 contract relating to wages and hours of work. Prolonged negotiations, accompanied by the shut-down of the mines, dealt largely with the demand for a union shop. This demand was ultimately conceded by most of the industry with the exception of the so-called "captive" mines (those operating primarily to produce coal for use by the owners, such as steel companies).

Adjustments in 1941

The contract negotiations of 1941 took place during the early stages of a sharp upturn in prices and wages. The demands, presented by the union in joint conferences in March, included a general wage increase of $1 per day for "all regular classifications of inside and outside day men," with corresponding increases for other day workers and for tonnage men. Another important demand was the elimina-

tion of North-South differentials and of other differences in wages described as "inequitable." The North-South differentials and later the union shop in captive mines proved to be major causes of disagreement and ensuing work stoppages.

A separate agreement was signed by operators representing the Northern Appalachian area (Pennsylvania, Ohio, northern West Virginia, western Maryland, and Michigan). The agreement provided for an increase of $1 per day or 14.3 cents per hour for basic day occupations, contingent upon the elimination of the North-South differential of 40 cents per day in basic occupations. Southern operators (representing southern West Virginia, Virginia, eastern Kentucky, and northern Tennessee) were unwilling to eliminate the differentials and therefore, on April 11, withdrew from the conference. At length, however, on July 6, an agreement was reached between the union and the southern operators for the elimination of the differential for day men but not for tonnage men. The increase for basic day occupations was $1.40 per day or 20 cents per hour. The union shop was also extended to Harlan County, Kentucky. Each of the two agreements (for the Northern and Southern Appalachian areas) covered approximately 150,000 workers.

The union shop had not been extended to the captive mines, employing approximately 50,000 workers. About 95 percent of these workers were union members and they produced about 10 percent of the yearly output of coal. Demands were made in the fall of 1941 that the steel companies extend the union shop to the captive mines. On December 7, 1941, an arbitration board ruled in favor of the union.

The agreements of 1941 provided for considerable differences in the extent of increases in wages. The rise in the Southern Appalachian area, in particular, was relatively large because of the elimination of the differential for day workers. An estimate made for the National War Labor Board for the Northern and Southern Appalachian areas combined indicated an increase of about 18 percent. The change in average hourly earnings for the industry as a whole indicates that the 1941 agreements brought about a general increase of about 17 percent in basic rates. The Bureau of Labor Statistics figures of average hourly earnings during that period were affected only to a slight extent by factors other than changes in basic rates, such as premium payments for overtime.

Effects of the War on Production and Employment

An outstanding industrial achievement of the war was the very large increase in the tonnage of coal produced by a declining number of miners. The output of bituminous coal and lignite in 1939 totaled about 394,855,000 tons. This was less than the production of the years 1936 and 1937 but more than that of the years 1931 to 1935 and 1938. The expanded output after 1939 is shown below:

	Output (in tons)
1939	394, 855, 325
1940	460, 771, 500
1941	514, 149, 245
1942	582, 692, 937
1943	590, 177, 069
1944	619, 576, 240
1945	576, 000, 000

During prewar years there was normally a considerable seasonal variation in the output of coal, production declining in the spring and summer months. The seasonal peaks were less pronounced during the war. Major fluctuations in production during the war were caused by work stoppages. Thus, in April 1941 only 6,110,000 tons were produced, in contrast to the October peak-month output of 51,703,000 tons; and in June 1943, production fell to 34,540,000 tons as compared with the peak output of 56,203,000 tons in March. In prewar years, when the mines could normally supply all demands by operating less than 200 days per year, a work stoppage, especially in the spring months of slack demand, had no marked effect on aggregate production and employment during the year.

The production of coal between the two World Wars, although quite variable, had tended to decline, but to a smaller extent than employment. The largest amount of coal produced in any one year before 1944 was 579,386,000 tons in 1918. This volume of production was almost equaled in 1926, with an output of 573,367,000 tons. Production in 1944 reached a peak of 619,576,000 tons. The average number of wage earners employed in that year was only 354,000,[3] in contrast to 542,000 in 1926. Thus, production in 1944 was 8 percent larger than in 1926 and average employment was 35 percent smaller. Employment reached a low point in 1932, with only 350,000 wage earners. The number rose to 461,000 in 1937 but declined to 371,000 in 1939. Following are the average numbers of wage earners employed during the war period:

	Average number of wage earners
1939	371,000
1940	415,000
1941	407,000
1942	435,000
1943	386,000
1944	354,000
1945	322,000

Wartime Change in Hours, Wages, Productivity, and Labor Cost

It will be noted from the figures previously cited that there was a remarkable wartime rise in the production of coal. The amount increased 57 percent from 1939 to 1944. Still more noteworthy was the fact that the increased production of coal was accompanied by an actual reduction of about 5 percent in average employment. These trends are to be explained in part by the lengthened workweek and in part by a rise in productivity or average man-hour output.

Standard hours of work were reduced in 1934 and 1935 to 35 hours per week (a 7-hour day and 5-day week). In response to a request by the Government in September 1942 for measures to prevent a shortage of coal, the union and the operators agreed early in 1943 to a 6-day week of 42 hours, with premium pay for the sixth day. The agreements were followed by action by the Office of Price Administration to raise coal prices for meeting the additional costs.

[3] These and the following Bureau of Labor Statistics figures of employment are the averages of the numbers on the pay rolls during 12 pay-roll periods, the averages thus being affected by the monthly variations accompanying mine shut-downs, work stoppages, labor turn-over, and other factors. Bureau of Mines estimates of employment, based on the numbers at work when the mines are actually operating as distinguished from shut-down periods, are significantly larger and are also less variable than the averages here given.

The 7-hour day was abandoned in the 1943 agreement, which provided for a 9-hour day underground for inside workers, including 15 minutes for lunch and an estimated average of 45 minutes for travel time. The daily shift of most of the outside workers was fixed at 8.5 hours, including a 15-minute intermission for lunch. The 1945 agreement modified the hours of work only to a slight extent. Inside workers retained the 9-hour day, figured from portal to portal, but the 15-minute lunch period was to be staggered. A workday of 8 hours and 15 minutes was established for outside workers, the shift to include "a staggered 15 minutes for lunch, and without any intermission or suspension of operations throughout the day." For certain outside workers, however, the agreement called for a shift of 8 hours and 35 minutes, including a staggered 15-minute lunch period. According to the Bureau of Labor Statistics survey made in the fall of 1945, work schedules varied widely. The usual shift of outside workers was 8 hours and 15 minutes, including the 15-minute staggered lunch period. The prevailing shift of outside workers on continuous operations (limited to relatively few mines) was 8 hours and 35 minutes, including the same staggered lunch period.

As a result of these changes, average weekly hours rose from 27.1 per week (excluding travel time of inside workers) in 1939 to 43.4 hours (including travel time) in 1944. The average fell to 42.3 hours in 1945 but rose to 45.9 hours in March 1946. Travel time of inside workers was assumed, under the 1943 agreements, to be about 45 minutes per day. The inclusion of travel time as working time would thus increase the length of the workday (or workweek) of inside workers about 9 percent. A study by a joint committee appointed by the President in 1943 indicated average travel time as significantly above 45 minutes per day, but it appears that the agreement to compensate workers for travel time has caused material reductions in the amount of time spent between the portal and the "face" or usual place of work.

Average weekly hours worked are materially below full-time hours per week, the averages being affected by such factors as part-time operation of mines, labor turn-over, and absences due to accidents and other causes. Part-time operation of the mines was less significant during the war than in earlier years, the average number of days of mine operation rising from 178 days in 1939 to 278 in 1944.

No changes in basic rates of wages were made between the agreements of 1937 and 1946 with the exception of the 1941 changes previously described. These changes averaged approximately 17 percent. Minor wage-rate adjustments were made from time to time, as for example, the equalization of rates of outside workers corresponding to the introduction of pay for travel time for inside workers.

The average earnings of bituminous-coal workers rose materially more than their basic rates. Average weekly earnings rose from $23.88 in 1939 to $56.84 after the 1945 agreement and the partial work stoppage in October (the average from November 1945 to March 1946). This rise was caused in part by the change in basic rates but mainly by the increase in hours and in premium pay for overtime and by supplemental gains such as pay for travel time.

The 1943 arrangement for travel-time pay, as approved by the National War Labor Board, called for the regular straight-time rate of

pay for productive time and for two-thirds of that rate for travel time up to 40 hours, and for two-thirds of the premium rate for travel time beyond 40 hours. This arrangement was viewed by the Board as necessary to meet the requirements of the Fair Labor Standards Act. The 1945 agreement reverted, however, to the original contract provisions for overtime rates for hours beyond 7 per day or 35 per week. Full portal-to-portal payment was approved by the Board on the basis of a United States Circuit Court of Appeals decision that travel time must be paid for as work time, a decision later upheld by the United States Supreme Court.

During the war, coal operators encountered serious difficulties in maintaining their production facilities and in replacing worn-out equipment. Efficiency of production was also impaired in a measure by the lengthened workweek.[4] Nevertheless, substantial gains were made in average man-hour output. There was an increase in every year after 1938 with the exception of 1943. The increase between 1938 and 1945 was 29 percent. This rise (or inversely the decline in the amount of labor required per ton) slowed up the increase in unit labor cost (the amount of wages paid per ton) resulting from advances in the amount of wages paid per hour. Unit labor cost rose 22 percent between 1938 and 1945. Labor cost declined between 1938 and 1940 and remained about the same between 1944 and 1945.

The increase of about 22 percent in unit labor cost between 1938 and 1945 was accompanied by a rise of 58 percent, as estimated by the Bureau of Mines, in the value of coal per ton at the mines. These estimates relate to the industry as a whole. Costs (including nonwage costs) and profit margins as the basis of price increases have related to producing districts, kinds of coal, and in exceptional cases individual producers.

These comparisons of percentage changes are summarized below:

	Percent of change, 1938 to 1945
Output (in tons) per man-hour	+29
Man-hours required per ton	−22
Unit labor cost (amount of wages per ton)	+22
Value per ton at mines	+58

The ending of emergency conditions in employment and production may be expected to improve the efficiency of production. A return to the normal workweek would presumably increase the intensity of work, thus tending to raise man-hour output; and the elimination of premium payments for overtime, as well as the rise in man-hour output, would tend to reduce the amount of wages paid per ton. When operators are able to replace worn machinery with improved equipment a rise in efficiency will naturally ensue. The possible elimination of some high-cost mines in operation during the war may also contribute to rising productivity.

Main Issues in 1946 Contract Negotiations

The National Bituminous Wage Conference, convening in Washington on March 12, 1946, carried on negotiations under conditions

[4] This subject is discussed in relation to various metalworking industries in Studies of the Effects of Long Working Hours, by Max D. Kossoris (Bureau of Labor Statistics Bulletin No. 791, Parts 1 and 2. Washington, 1944).

of rising wages and prices somewhat similar to the situation during the 1941 negotiations.[5] The United Mine Workers presented nine proposals described as "negotiable suggestions." These nine proposals related to a health and welfare fund; the unionization of supervisory, technical, and clerical employees; increase in wages and reduction of hours; adjustment of vacation, holiday, and severance compensation; improved safety standards, and compliance with mining, compensation, and occupational disease laws; adjustment of wage differentials and local "inequalities"; elimination of "inequities and abuses" of fining and penalty provisions; amendment of rules and practices "to promote mutual accord, increased efficiency and elimination of the small tyrannies of management;" and adjustment of the controversy over "unilateral interpretation of existing agreement by operators."

Representatives of the Operators' Negotiating Committee criticized the proposals as vague and indefinite. It was asserted that the delay in defining the several demands was in effect a "filibuster," and the proposals as a whole were described as "ethereal." On March 18, the operators presented for consideration four counter proposals. These were "a suitable guaranty by the International Union against wildcat strikes and slow-downs in production"; a redefinition of qualifications for vacation pay; elimination of pay for lunch periods; and the substitution as the basis of straight-time pay of 8 hours per day and 40 hours per week for 7 hours per day and 35 hours per week, with conformity, as to premium pay, to "the standard work day and week established by Federal legislation."

Major issues which deadlocked the conference included the proposed health and welfare fund and the changes in safety and related practices. The union's detailed proposal regarding a health and welfare fund, as outlined for the joint conference on May 13, called for a 7-percent pay-roll assessment, the fund thus created to be administered by the union. At the same meeting of the joint conference on May 13, the proposals regarding safety measures were analyzed. It was proposed that a safety committee of three union members at each mine should have authority to inspect the mine and order the men removed in any section of the mine where danger is threatened to life and limb. Operators, it was insisted, should comply with State and Federal mining laws and particularly with recommendations of Federal inspectors as to safety standards. State workmen's compensation laws, it was further demanded, should be complied with even though some of the laws are elective rather than compulsory.

The demand of the union for improved safety standards was supported by reference to the comparative records of deaths and injuries in coal mines and other industries. The record of bituminous-coal mining showed some improvement during the war, the number of disabling injuries for each million hours of work falling from 71.0 in 1939 to 64.4 in 1944, but it remained far above the record of 18.4 per million man-hours in manufacturing as a whole and 27.7 in construction.

[5] For details of the course of the 1946 negotiations, see Monthly Labor Review, June 1946 (pp. 915–917).

The 1946 Agreement

The failure of the United Mine Workers and the Operators' Negotiating Committee to adjust their differences led, on March 26, 1946, to notifying the officials and members of the union that the agreement would terminate on March 31. The resulting work stoppages continued until May 13, when work was resumed for 2 weeks by authority of the union's policy committee.

It became apparent, however, that no agreement could be reached during the 2 weeks; and on May 21, the President instructed the Secretary of the Interior to take possession of the mines and to conduct negotiations with the union, subject to national stabilization policies. At the end of the 2-weeks' "truce" there was another work stoppage.

An agreement was signed on May 29, 1946, by the Secretary of the Interior as Coal Mines Administrator and the president of the United Mine Workers. Notices were then sent out by the union ordering an immediate return to work.

The terms of the agreement signed on May 29, 1946, were summarized by the Coal Mines Administrator as follows:

Hours.—Mines are to be operated 9 hours per day as heretofore, with overtime to be paid after 7 hours.

Wages.—A basic hourly increase of 18.5 cents, which, with overtime, means a daily increase of $1.85.

Mine safety program.—Federal Mine Safety Code to be issued by Director of Bureau of Mines, Interior Department. Periodic inspections by Federal inspectors. Local unions to select mine safety committees at each mine to report violations.

Workmen's compensation and occupational disease laws.—Coal Mines Administrator will direct operating managers to comply with State laws, whether elective or compulsory.

Health and welfare program.—(1) A welfare and retirement fund financed by 5 cents a ton on coal produced for use or sale. To be used for payments for sickness, disability, death, or retirement. To be managed by trustees, one appointed by the union, one by the Administrator, and the third by the other two.

(2) A medical and hospital fund. Financed from deductions now made from miners' pay for such purposes. To be administered by trustees appointed by the president of the union.

(3) The two funds to be used to complement each other.

Survey of medical and sanitary facilities.—A comprehensive survey of hospital and medical facilities, medical treatment, sanitary and housing conditions in coal-mining areas to determine improvements necessary to bring these up to recognized American standards.

Supervisors.—Coal Mines Administrator to be guided by NLRB decisions.

The agreement was described by union officials as embodying "the greatest economic and social gains registered by the UMWA in a single wage agreement since the birth of the union in 1890." The statement emphasized the health and welfare and mine safety programs and indicated that the carrying out of these provisions of the agreement would "give to American coal-mining communities the economic and social parity they so richly deserve."

Earnings Under Normal Hours and Production

Average weekly earnings of bituminous-coal miners rose, as stated above, from $23.88 in 1939 to $56.84 preceding the 1946 agreement. The increase of 18.5 cents per hour under the 1946 agreement was

about 17 percent.[6] Assuming a continuation, during the early period of operation of the 1946 agreement, of working time and other circumstances affecting earnings similar to those of the period from November 1945 to March 1946, weekly earnings under the new agreement would average about $66.50.

These estimates of weekly earnings are averages of part-time as well as full-time earnings. They do not take account of certain supplemental gains, such as paid vacations, improved safety standards, and the welfare and retirement fund. Earnings of workers who are regularly able to work a full-time week exceed the general average for all workers.

Underground workers in basic day occupations, paid $1 per hour under the previous contract and $1.185 per hour under the 1946 contract at full time (54 hours per week, equivalent to 63.5 hours at straight time), would earn about $75.25 per week. The 1946 agreement provided, however, for a 35-hour week as the standard straight-time workweek. If the demand for coal should fall and the supply of workers should remain comparatively large, it may be assumed that the workweek would be reduced to 35 hours. In that event, and in case there is no additional increase in wage rates, the full-time earnings of workers in basic day occupations would fall to about $41.50 per week, a decline of 45 percent from the above estimate of $75.25.

Although the full-time workweek before the war was 35 hours, the time actually worked averaged much below that figure. The 1939 average was 27.1 hours and the highest figure before that year and after the adoption of the 35-hour week was 28.8 in 1936. A major factor in the reduction of average hours of work below a full-time workweek of 35 hours was the part-time operation of the mines. The average number of days that the mines were worked in 1939 was 178, and between 1918 and 1940, as high as 200 in only the 4 years 1920, 1926, 1928, and 1929.

Postwar opportunities for the relatively adequate employment of workers will be affected by a number of circumstances. notably by demand for coal and the resulting volume of output. After the exceptional reconversion and early postwar needs for coal have been met, the levels of production, employment, hours, and weekly earnings will be dependent mainly on three possible developments. One of these will be the degree of success of the bituminous-coal industry in competing with other fuels and sources of energy. In 1913, according to estimates by the Bureau of Mines, bituminous coal supplied 70.3 percent of total energy (expressed in terms of British thermal units) from fuels and water power. Between 1918 and 1939 the ratio declined from 69.5 to 42.0 percent.[7] Slight gains were made between 1939 and 1942, but part of the gains were lost between 1942 and 1944.

A second factor that may have a significant bearing on postwar opportunities for employment approaching full-time levels is the

[6] Straight-tine hourly earnings in the fall of 1945 averaged $1.07, and on this base the 18.5 cents gives an increase of about 17 percent.

[7] These percentages are based on a count of water power at a constant fuel equivalent of approximately 4 pounds per kilowatt-hour. When the fuel equivalent prevailing during the year is used (reflecting increasing efficiency of fuel-burning central electric stations), the estimates for bituminous coal are 44.9 percent for 1939, 51.4 percent for 1942, and 48.2 percent for 1944. The percentages on the basis of a constant fuel equivalent are 42.0 for 1939, 47.6 for 1942, and 44.6 for 1944.

course of labor productivity. In the event of substantially constant levels of production, increases in average man-hour output will entail displacement of labor, at least in terms of man-hours. Increased efficiency of production, however, may tend to strengthen the competitive position of the industry and make possible enlarged demand and production or at least check the decline of production.

Outstanding in importance in the future of opportunities for employment and earnings in coal mining will be a third factor: the general level of business activity and of opportunity for employment outside of coal mining. High general levels of production and employment will tend to maintain a large demand for coal and will at the same time enable surplus coal miners or miners displaced by increased productivity to find profitable work in other employments.

Grievance Procedure Under Collective Bargaining[1]

IN THE development of a smoothly functioning grievance procedure in a plant, the agreement provisions themselves are of less importance than the attitude of the parties to the agreement. This view is shared by unions and management in almost every case in which the grievance procedure is considered successful, and in the majority of cases in which the procedure has either bogged or broken down.[2]

The characteristics of grievance procedure in settling grievances to the mutual satisfaction of unions and management are good faith and confidence in each other, a cooperative spirit, and mutual respect. Honesty of intent and the belief that plant problems are a matter of mutual concern are considered more important than the strict language of the agreement. Responsibility on both sides is a requisite.

When the grievance procedure is not functioning successfully, some or all of these characteristics are missing. Instead, claims of bad faith in bargaining are made by each party.

If good faith exists, grievances are readily adjusted, whether foremen have much or little power, whether there are two or six steps in the procedure, whether or not grievances must be written, or whether or not there are time limits on company answers or union appeals. With good will, there are no lengthy debates over the desirability of any specific type of provision in the machinery. Informality is generally the keynote, and stringent regulations are considered unnecessary on the ground that they may only bring a change for the worse.

In plants where good faith is lacking, the tendency is for each side to call for stringent regulations and rigid adherence to procedure to protect its interests. In fact, the more detailed and precise procedures seem to accompany mutual mistrust.

The procedure itself is, however, a factor in the maintenance of harmonious relations. Although a good procedure does not in itself make for good industrial relations, it facilitates and helps to bring about better relationships. Although a poor procedure does not necessarily imply poor relations, it is a stumbling block in the way of good relations, focusing disagreement over the procedure itself rather than over the problem.

Basic Principles to Grievance Procedure

From findings of the Bureau and the opinions of the persons interviewed during this study, certain principles appear basic to any griev-

[1] Prepared by Abraham Weiss and Edith L. Hussey of the Bureau's Industrial Relations Branch.

[2] In the winter of 1944 and spring of 1945 the Bureau of Labor Statistics conducted a field survey of the functioning of grievance machinery in 101 plants. The purpose of this study, made at the request of the National War Labor Board, was to find out what procedural arrangements exist for the adjustment of grievances under the terms of employer-union agreements; the role of the various management and union agents (foreman, union steward, industrial relations director, etc.); the influence upon grievance settlement of training programs, company pay for union grievance activity, central office policies, etc.; the types of issues admissible to the grievance machinery and to arbitration; and the opinions of both management and union about existing arrangements.

The study covered plants in each of the principal manufacturing industries, several public utilities, and one department store. Most of the plants had over 1,000 workers in the bargaining units; roughly one-tenth, between 750 and 1,000. The areas covered include the East, Northeast, South, Southwest, and Middle West.

Plants organized by unions affiliated with the American Federation of Labor and the Congress of Industrial Organizations, as well as two independent unions, were included.

ance procedure if it is to function effectively and foster good relations between union and management. These principles follow not so much from the mechanical process itself as from the operation of the procedure in the plants studied as indicated by the opinions of the parties. They are desirable attributes of any union-management relationship which establishes a procedure for hearing and adjudicating employee complaints.

SETTLEMENT ON A MERIT BASIS

The merit principle is the key to good plant relations since workers feel they can rely on the grievance procedure for sympathetic understanding and fair hearing on their complaints. Both parties report that such settlements encourage workers to use the procedure, minimize the use of pressure, and reduce the need for formality.

SETTLEMENT AT THE POINT OF ORIGIN

Relationships are enhanced and the procedure is most effective if the majority of grievances are settled at the lowest level. Grievances susceptible of settlement at their point of origin become more difficult to settle if they progress to the top because they become magnified beyond their importance, attitudes become more fixed, and fear of loss of prestige prevents settlement on a rational basis. The constant need to appeal to higher and higher levels breeds suspicion and distrust and destroys confidence in the procedure.

PROMPTNESS OF ACTION AT EACH STEP

Whether or not stipulated time limits are part of the procedure, promptness in handling complaints increases the workers' confidence that management is dealing in good faith.

If a complaint has not been adjusted at the first step, it should move readily and quickly to the stage at which settlement is possible, and settlement should be prompt. Unless employees see an active effort being made to deal with complaints, emotional content grows and morale suffers. When at any point in the procedure there is a bottleneck of unsettled grievances, both company and union are blamed and the strain upon relationship mounts seriously.

DEFINITION OF AUTHORITY AND RESPONSIBILITY

The extent of authority granted union and management representatives at each level of the procedure should be fixed and known to all parties. Authority should increase proportionately and significantly from step to step, so that each step in the procedure represents a significant advance, in terms of personnel and authority, over the preceding stage. All grievances should start at the management level which has authority to make decisions on them.

This principle also has validity when considering the relation of a branch plant to the central office. Authority should be delegated to plant officials to make decision on all but top policy questions, with the right of union appeal to the central office.

Management representatives should be made responsible for settling grievances susceptible of adjustment so that each level of adjustment is utilized. Union representatives should be made responsible for

screening unauthorized grievances and for settling rather than creating or soliciting disputes.

Failure by management to grant its agents sufficient authority, and to insist upon its use, encourages "buck passing" on the one hand and bypassing on the other. Failure by the union to insure that stewards act responsibly leads to misuse of the procedure and to distrust.

TRAINING OF STEWARDS AND FOREMEN

If lower courts are necessary to interpret laws, so are properly accredited foremen and stewards needed to handle and dispose of as many complaints as possible. The more power, understanding, and intelligence a foreman or steward has, the fewer cases will go to the higher steps and the better the procedure will be. This presupposes that foremen will be given authority and made to accept responsibility for handling most grievances on their own. Beyond this, it requires foremen to learn the principles of human (or labor) relations and how to apply them in their daily dealings with workers under their supervision.

Training should develop a feeling of mutual respect and confidence between steward and foreman. It should develop the attitudes that grievances are problems to be solved, not arguments to be won.

Training facilitates grievance settlement and contributes to better relations by teaching foremen to put their authority to effective use; by instructing stewards to screen and process complaints; and by increasing employee understanding of the use and purpose of the procedure.

USE OF THE PROCEDURE

Grievances should be presented only when there is a real basis for complaint. The union must accept responsibility for refusing to appeal complaints which have no real merit. It must use its judgment in presenting and appealing cases to avoid flooding the grievance procedure so that it bogs down. It must do this to gain management's respect for its representatives and for the grievances it presents.

By the same token, management at every level should consider each grievance carefully and fairly. Whether the union's request is granted or denied, the reasons for the company's action should be made clear to avoid the taint of arbitrary action, to instill confidence, and to develop a respect for management's judgment.

Specific Grievance Procedures

In the day-to-day working relations of employer and workers, problems are bound to arise in administering the agreement or applying its terms to particular situations—the method of making promotions; the assignment of jobs; the choice of shifts; working conditions, health, and safety; discipline; and other matters. Some problems arise which were not foreseen and for which no provision was made in the agreement, and the provisions themselves may be ambiguous. The gaps must be filled in and the ambiguous clauses clarified and interpreted before the formal relationship can have practical meaning. In addition, the complaints or grievances of individual workers must be adjusted.

Most union agreements set up some sort of "grievance" or "adjustment" machinery to handle the differences and disputes as to interpretation or application of the agreement as well as the controversies which arise in the day-to-day working relations of employer and workers. Through the grievance procedure the parties interpret the agreement to meet the needs of a particular situation. Its purpose is to enable either party to call to the attention of the other alleged violations of the agreement or individual cases of injustice so that these may be corrected. Although it is the formalized basis for carrying on more or less continuous negotiations within the plant, it is distinct from collective bargaining. Collective bargaining is the negotiation of terms to govern the relationship of the parties for a specified period. Grievance adjustment aims at the settlement of disputes and grievances arising under these terms or out of these terms and during the life of the agreement.

Grievance machinery usually consists of a series of procedural steps to be used within certain time limits. Grievances ordinarily are first taken by the aggrieved worker or his union representative to the foreman. If satisfactory settlement is not made, the grievance is appealed, in succession, to top company officials by the union, and in most cases, to arbitration.

INITIAL PRESENTATION OF GRIEVANCES

In 58 of the 101 plants studied, the first step in the procedure is for an employee to present his complaint to his foreman; in all but 9 of these plants he may be accompanied by his union representative. Aggrieved employees may take part in the discussion of their complaints beyond the first step in less than one-third of the cases and, usually, only to the second step.

Unions and management differ most sharply over the employee's right to initiate his complaint personally, without union intervention at the first step. For the most part, however, they agree that the union should handle negotiations on any grievance beyond the first step.

The unions almost uniformly stress that union representatives should handle grievances from the start. They reason that the latter are better qualified to process complaints and therefore better able to obtain a favorable settlement. The union will be protected since personal favoritism and bargaining on an individual basis between employee and foreman will be discouraged and settlements will be uniform throughout the plant. Management will benefit by the union's screening of complaints without merit, thus saving time.

Generally speaking, management contends that there should be direct contact between worker and foreman and that, therefore, the union should not be present at the first step of the procedure. Some management officials claim settlement is more expeditious, more satisfactory, and involves fewer people, if complaints are handled by the worker himself with the foreman. This is particularly true of such minor adjustments as pay-roll corrections, which should be handled between foreman and employee, without the union representative present and without invoking the formal grievance procedure. Others, however, oppose dealing with individual workers on the ground

that it is inconsistent with the union's position as sole bargaining representative, or more positively, that the union eliminates many grievances.

THE ROLE OF THE FOREMAN

In nearly all cases, the employee's immediate foreman or supervisor handles employee complaints at the first step in the procedure. Less than 10 percent of the plants bypass the foreman officially and require complaints to be submitted first to a general foreman or superintendent.

Even though the foreman is, in almost every plant, designated as management's representative at the first step of the grievance procedure, his authority and effectiveness are frequently disputed. Although most companies maintain that foremen play an effective role in grievance settlements, in one-fifth of the plants management reports that they lack authority, or fail to use it, and "pass the buck" to higher management officials.

The foreman's effectiveness is chiefly due to the fact that he has sufficient authority, backed up by training in labor relations, according to most company and union officials. Many unions report that better settlements are obtained at the foreman level than at later steps; that foremen are often more reasonable, anxious to maintain production, and often understand shop problems more than those above them. For this reason, these unions want authority, and even more authority, given to the foreman.

In some plants, foremen are given little authority because of management's fear that they cannot withstand union pressure; because they are incapable of assuming the responsibility for grievance adjustment and require close guidance; and because of the company's desire to centralize labor relations with relatively few people. In some of these plants, responsibility for labor relations has been shifted from the foreman to labor relations specialists, bypassing the foremen.

Because of the foreman's lack of authority, he is often bypassed by the union, which attempts to deal directly with the superintendent. Even when dealing with the foreman, in accordance with the recognized procedure, the unions consider his answer a formality and inevitably appeal adverse decisions to the next step. This is not considered satisfactory, because of the delay involved, and has led several unions to urge that the formal procedure eliminate the foreman at the first step, thereby shortening the procedure and making the first step more effective.

THE APPEALS PROCEDURE

Three- and four-step procedures (excluding arbitration) are most common, representing slightly over two-thirds of the 101 plants studied. Six plants have 2-step procedures; 20 plants, 5-step procedures; and 5 plants, 6-step procedures.

Five- and six-step procedures occur most frequently in plants which are units of a multiplant company; otherwise there is generally no correlation between the number of steps and the size of the plant, the scope of the agreement (whether single plant or multiplant) or the industry.

In the plants studied, even among those with procedures having the same number of steps, marked variation exists in the type of representation on both sides, the order in which they appear, and the frequency with which the same combinations of union and management representatives are paired.

Nevertheless the different types of procedures share some common characteristics. On the union side, a committee of in-plant union representatives is used most frequently at the intermediate steps;[3] local outside union representatives (such as the business agent) generally enter the procedure after the second step; and international union officials do not participate until the next to last step.[4] On the company side, management officials of the rank of plant manager usually represent the company, and in relatively few cases production officials below the rank of plant manager participate, at the next to last step.

If the plant manager represents the company prior to the last step in the procedure, he almost always deals only with the union grievance committee or with outside local or international union representatives.

There is considerable duplication of personnel from one step to the next, no higher authority succeeding the representative at the previous step. Duplication is most common on both sides in plants with 5- and 6-step procedures.

Most duplication takes place at the intermediate stages, although there are a few instances, chiefly on the company side, where the final step (prior to arbitration) duplicates the previous step. In some plants, this duplication results from the lack of precision in outlining the procedure and the respective representatives who are to function at the various steps, and in failing to stipulate that when alternates or substitutes are allowed, that they have authority comparable to those they represent. In these cases, the unions have found themselves meeting with management representatives who have no greater authority than those at the previous step, or even meeting the same person at successive steps. As a result, the unions cannot negotiate with the official having the authority to decide an issue conclusively.

In some plants, the parties have recognized the duplication and have shortened the procedure outlined in the agreement. In other plants, demands have been made by one or the other party to eliminate the step considered ineffective or repetitious in order to expedite settlement.

FINAL STEP (EXCLUDING ARBITRATION)

At the last step, prior to arbitration, the union is represented in 70 percent of the cases by an international union representative. The remaining plants, in almost equal proportion, have either a plant union representative or a local outside representative such as a paid business agent. Business agents are relatively more common at the last step in single plant than in multiplant companies, while the reverse is true in the case of international union representatives.

Management is represented at the last step by a company official or executive in 70 percent of the cases and by a plant official in the others.

[3] The intermediate steps include those between the initial presentation of a complaint (step 1) and the final appeal to top management, prior to arbitration.

[4] In the 35 plants with 3-step procedures, international union representatives do not participate until the final step.

In all but one of the cases in which plant officials represent management at the last step, there were four or less steps in the procedure. In slightly over one-fourth of the 101 cases the industrial relations department acts as management's agent at the final step.

Of the 60 multiplant companies studied, slightly over two-thirds call for the direct participation of a central office representative at the last step. Such participation is required to a greater extent in plants under a master agreement than in those covered by individual agreements.

As is the case at the intermediate steps, there is no definite pairing of management personnel with union representatives at the last step. The exception is that in units of a multiplant company which are covered by a master agreement, international union representatives are consistently paired with central office rather than local plant officials.

By and large, most unions and some plant officials object to central office control of plant labor relations, preferring that authority shall be given to plant officials to make final determination on grievances. This is preferable, according to unions, because it avoids delays caused by referring disputes to the central office; because local union and plant management officials can reach agreement on their particular problems without fear of company veto owing to fear that company policy in other plants will be jeopardized; and because local problems will be handled by local people.

This view is opposed by some company officials on the ground that in a multiplant organization it is necessary to centralize final authority and responsibility in order to counteract differences which of necessity exist between plants run by different individuals. Otherwise, they claim, a wide variety of labor policies will result. Others uphold the intervention of the central office because different unions hold bargaining rights in several company plants, and lack of uniformity would foster competitive demands by each union.

ORAL VS. WRITTEN PRESENTATION

In four-fifths of the plants studied, grievances are presented in writing. In about half of these cases, written grievances are used from the second step on.

The presentation of grievances in writing does not necessarily indicate good or bad relations nor does it necessarily indicate effective procedure. Nevertheless, when written presentation is required, this practice is favored by both parties since it discourages petty complaints and expedites settlement by establishing and clarifying the record. It is also considered useful as a check on supervision and on stewards.

For the most part, both parties consider written statements of grievances best suited to the later steps in the procedure, preferring informal, oral, discussion at either the first or first two steps. The advantages in this arrangement are that simple requests or complaints are not magnified, less time is consumed, and all complaints can be initially considered without the obstacle of writing. At the later steps, writing is deemed necessary so as to provide a basis for discussion by top union and management officials, and to insure that the grievance will not change form nor be misinterpreted in the various stages of discussion,

Written presentation of grievances at the early stages is considered detrimental by some unions because it makes the procedure too inflexible and cumbersome, discourages employees from voicing their complaints, and impedes prompt settlement, since foremen are willing to settle on merit if they do not have to put it in writing.

Union opposition to the use of writing at any stage is based on the argument that it permits the company to stall, and that it is too restrictive. The latter argument is most frequently made in plants in which relations are poor and the company is charged with using the written statement as a smoke screen to avoid settlement if the wording of the complaint is in any way incomplete.

The written statement of grievances from the first step is preferred by some companies to prevent bypassing the foreman, and by some unions to insure that employees stand by the union and not change their stories when appealed beyond the first or second step.

TIME LIMITS

Time limits on the company's answer are provided in three-fifths of the 101 cases. About one-third of the plants set limits on the time for union appeal of grievances, either to the first step or after the company's answer at any stage. Special time limits for handling discharge and discipline complaints are fixed in over half the cases. Fifteen plants have no time limits in connection with the grievance procedure.

In general, time limits to expedite the handling of complaints appear to be effective in plants with good union-management relations, and subject to abuse in plants with poor relations. In the former group, limits serve as a guide and as a spur to prompt settlement, although by virtue of the relationship they appear to be unnecessary. In the latter group, time limits delay rather than expedite settlement because the maximum time allowed for an answer becomes the average time. Nearly all of the plants without time limits are characterized by good relations and the absence of delay in company action on grievances.

If time limits are in force, both sides generally conclude that they facilitate settlement because they provide a safeguard against stalling and against the accumulation of cases. Employee morale is improved by the assurance that answers to complaints will be made within a set period.

On the other hand, some unions and employers consider time limits unnecessary because grievances are, in fact, promptly handled and the procedure is more flexible without them, or undesirable because the period of waiting implicit in setting maximum time allowances permits an uncooperative management to stall to the maximum allowable time.

Deadlines on the presentation or appeal of grievances by the union are considered necessary by some companies, chiefly on the ground that grievances considered to have been dropped continually reappear.

Rigid adherence to the time limits established, except where both parties mutually recognize the need for an extension of time, is favored by most unions and companies. Although several unions express indifference toward rigid enforcement, none of these complain of company misuse of time limits.

Short time limits, particularly at the early stages, are considered essential by unions, to expedite settlement and move unsettled issues to top management with the minimum delay. Management, however, cautions against too short time limits and suggests they may work against the union's best interests because at the lower steps they may be inadequate to permit proper investigation, and at the top steps they may be too limited to permit the parties to cool off.

MANAGEMENT-UNION MEETINGS

Three out of five plants hold regularly scheduled meetings at specified intervals to negotiate appealed grievances. Such meetings, which are generally scheduled at the next to last step of the procedure, are usually held weekly during working hours. Notice of the agenda to be discussed is required in about one-third of these plants.

Both parties, in general, prefer meetings "on call" to regularly scheduled meetings. "Call" meetings are considered most effective because they provide the necessary flexibility for more prompt disposition of complaints, and the number of meetings can be adjusted to the case load. Several unions and companies report time savings through "call" meetings, since no grievances are manufactured just to fill in the regular meeting time. "Call" meetings are also judged best in plants in which the grievance load is relatively light and company action on complaints, particularly at the lower levels, is speedy and effective.

On the other hand, some unions claim regularly scheduled meetings assure a hearing on grievances within a prescribed period, and some companies favor them because the time that management officials must spend on hearing grievances is scheduled and limited. Both parties, in some instances, consider regular meetings advantageous in serving as a forum for discussing mutual problems of policy and anticipating difficulties, thus preventing future grievances.

STEWARD-FOREMAN TRAINING

Over four-fifths of the unions and companies conduct training programs in labor relations, but in only five cases do stewards and foremen receive joint instruction. The training usually deals with the provisions of the union agreement and basic union and company policy.

No over-all conclusions can be made concerning the results or value of training, either on union-management relations or on the functioning of the grievance procedure. However, in most cases in which foremen receive no training, management credits them with playing a minor role in the grievance machinery. In the small group of cases where full-time training departments exist, both parties usually agree that training has enhanced the foreman's role and prestige. In plants having joint-training activity, union-management relations and the effectiveness of the grievance procedure are almost always above average.

THE INDUSTRIAL RELATIONS DEPARTMENT

Almost 90 percent of the plants have industrial relations departments or officials to handle labor relations. In the other plants, industrial relations work is a part-time activity of a production official.

The role of the industrial relations department in the settlement of grievances appears to be wholly an individual plant matter, and there-

fore, only minor generalizations are possible. The authority of this department varies widely among the plants, and the results insofar as plant labor relations are concerned differ even where the authority is comparable. In some plants, the personal qualities of the industrial relations director are more conclusive in setting the tone for labor relations than his delegated authority, his rank in the organization, and his relationship to operations officials. By and large, however, his effectiveness in the grievance procedure depends chiefly on the firm's labor policy, the relation of the department to operating personnel, and the personality of the labor relations director. It is the department's responsibility to centralize and unify the company's dealings with the union, whether the aim is to foster collective bargaining or to curb the union's efforts.

It is these factors which influence the union's attitude toward the industrial relations department. Although some consider it an aid to the processing of grievances, a few consider it an additional hurdle in the road toward final adjustment of disputes. Some unions believe that the industrial relations department cuts into the foreman's authority, thus forcing more grievances to the higher stages. Management, on the other hand, sees it as necessary to establish uniform application of labor policy.

In some plants with no industrial relations department, the unions feel that a full-time person in industrial relations work is desirable because of the difficulty of meeting busy company executives.

Generally speaking, industrial relations appear to be better in plants where the industrial relations department stresses a human approach to the union agreement and to problems arising under it, than where it stresses a legalistic and formal approach and procedure.

TIME AND PAY FOR GRIEVANCE WORK

In four out of five plants, management compensates union representatives for time spent in handling grievances during working hours. In the remaining plants, the union representatives are not paid for such time. In about one-fifth of the plants, after-hours grievance activity is compensated by the company.

Two-thirds of the firms which compensate for grievance work set no specific limit on the time so spent. The remaining third limit either the amount or type of grievance activity.

Grievance-pay practices are very often more liberal than, and sometimes quite contrary to, the agreements. In 40 plants, some compensation is provided, but management is more liberal than the agreements specify; in 19, no reference to pay is made but wages are paid nonetheless.

Payment for grievance work is generally on a straight-time basis, including about one-third of the plants with more than 40 percent of the workers on incentive. A number of firms clearly indicate the different pay bases for incentive and nonincentive workers. In a few plants, the use of the phrase "without loss of time or pay" to indicate the basis for compensation for grievance work has led to disputes as to whether union representatives were to receive their base rate or average earnings.

For the most part, companies have resorted to administrative controls to prevent waste time and to correct abuse. Most companies

require union representatives to report to their foreman before leaving work to handle grievances. When entering another department, union representatives must generally notify the foreman of that department.

In some plants, the industrial relations department or superintendent has the responsibility for controlling and checking grievance time, particularly when union representatives wish to leave their department for grievance work. In others, foremen report regularly to the industrial relations department on the amount of time spent on grievances.

In a few plants—chiefly large-scale and having very formal relations—union representatives must present a written request from the aggrieved employees or specify the grievances before they are allowed to leave work to investigate. In others, union representatives must get signed passes before leaving work.

Few agreements make any mention of union responsibility for control of grievance work. Some unions, however, chiefly in plants with good relations, assist the company in controlling the amount and use of paid grievance time. The union instructs its stewards in the proper use of grievance time; it also "calls down" union stewards whom the company reports as misusing the privilege.

In three-fourths of the cases the company accepts or favors, and in one-fourth, it expresses dissatisfaction with, its existing grievance-pay practice. Unlimited grievance pay is allowed in half the cases in which the company is satisfied, and in three-fourths of those that are dissatisfied.

Grievance pay is justified and worthwhile, some companies believe, because it facilitates prompt settlement and thereby helps morale and plant efficiency, and because it attracts better union representatives and results in more efficient handling of grievances. These companies oppose time limits on paid grievance work because grievances differ in their time requirements and because the existence of a time limit encourages stewards to use the entire allowance.

With few exceptions, union "abuses" account for most of the company's list of dissatisfactions with grievance-pay arrangements. Union representatives "spend too much time on grievances and engage in other union activities on company time."

To eliminate abuse, most companies favor closer control of grievance activity while several seek to limit or terminate company pay for grievance work.

Most unions support and favor the principle of company pay for grievance work. Since it is a service to the company, it should be financed by it. Since the company is responsible for grievances arising, it should pay for time lost in adjusting them. And the companies are better able to bear the cost.

Several unions would prefer the company to pay for all time lost instead of a limited amount; or to receive average earnings instead of straight-time rates. Others object to company controls as unduly restrictive and as impeding the free and efficient adjustment of grievances.

Several unions prefer to compensate their representatives so as to maintain their independence, avoid any obligation to management, and to retain full control of their activities.

Hours of Work and Earnings in Aviation Occupations[1]

WORKING conditions in aviation occupations are a subject of great interest to many thousands of veterans and young people who are considering whether to look for jobs in this field. Since wages and hours of work with the air lines have been considerably standardized, it is possible to give a reasonably accurate and complete picture of the conditions applying to air-line personnel, even though no comprehensive statistical study of this subject has been made in recent years. The major sources relied on are unpublished data compiled by the Railway Labor Panel in connection with its administration of the wage stabilization program, union contracts, and interviews with company and union officials.

To provide a basis for sketching the much less standardized working conditions and earnings of fixed-base operators and their employees, visits were made to a small number of nonscheduled flying services, flying schools, and repair shops in northeastern metropolitan areas. The information thus obtained was used to supplement the data available on this segment of aviation activities. Statements as to the salaries and other working conditions of Civil Aeronautics Administration personnel come from published and unpublished information made available by that agency.

Air Lines

HOURS OF WORK

Pilots.—The flight-hours of air-line pilots have been legally restricted in the interest of public safety since 1931, when the air-transport industry was 5 years old. At that time, a flight-time limitation of 110 hours a month was made effective for captains in domestic operations. In 1934, 85 hours of flying became the monthly maximum for both pilots and co-pilots on domestic routes,[2] and this has remained the peacetime standard ever since.

During the war (in April 1942), the act was amended to allow 100 hours of flying a month and also, with Civil Aeronautics Board authorization, whatever time is necessary "to complete a particular flight for military purposes." However, this amendment remains in force only until 6 months after the official termination of hostilities, and, even during the war, the air lines took advantage of the 100-hour provision only to the extent that wartime emergency conditions made such action necessary. Many company officials, as well as the Air Line Pilots' Association, believe that if flight time exceeds 85

[1] Prepared in the Bureau's Occupational Outlook Division by Helen Wood, Samuel Vernoff, and Gloria Count.

This article is part of a larger study of employment opportunities in aviation occupations. In the present article, the subjects dealt with are hours of work and earnings of pilots, mechanics, and a number of other groups of flight and ground personnel. The coverage includes those employed by the air lines and also with fixed-base operators and the Civil Aeronautics Administration, which is the main Government employer of nonmilitary aviation personnel.

The first part of the study, Postwar Employment Outlook, was published as Bulletin 837-1 of the Bureau of Labor Statistics (reprinted from the Monthly Labor Review for April and June 1945). A forthcoming illustrated bulletin will contain the present article, together with sections on duties, qualifications for employment, unionization, and occupational hazards.

[2] Under Decision 83 of the National Labor Board and later under the Civil Aeronautics Act of 1938. The phraseology of Decision 83 does not clearly include co-pilots, but such was the intent and it was so construed and acted upon by the air lines.

hours a month, the pilot's efficiency is likely to be affected adversely. Actual flying hours are generally even fewer—seldom over 80 hours a month in normal times—as, in order to stay within the 85-hour limit, it is necessary to stop short of the maximum in assigning pilots to flights.

In international operations, also, pilots' flying hours are likely to average less than 85 a month, although in this branch of the industry men frequently fly more than 85 hours in 1 month in order to complete a long trip and then compensate by correspondingly shorter hours later on. The Civil Air Regulations allow for such irregularity, particularly when a relief crew is carried. According to provisions which are being reexamined and may perhaps be revised, no monthly limit is placed on the hours of pilots in aircraft having at least 3 pilots and either a flight engineer, a navigator, or a flight radio operator. However, in such instances a pilot may not fly more than 350 hours in any 90 days, nor over 1,000 hours in a year (1,200 hours during World War II and for 6 months thereafter). When only 2 pilots and an additional crew member (other than a steward) are carried, the pilot's flight time may not exceed 120 hours in any 30 days, 300 hours in any 90 days, nor 1,000 hours a year (with certain exceptions during the war period). Still more rigid limits are provided if the technical flight crew consists only of 1 or 2 pilots.[3]

Legal limits are also placed on daily and weekly flying hours. According to the Civil Air Regulations, a pilot in domestic operations may not be scheduled to fly more than 8 hours during any consecutive 24 without a rest period. If he exceeds this limit, as may easily happen when a flight is delayed owing to adverse wind conditions or when he has to spend a long time "in the stack" over an airport waiting for his turn to land, he must be given at least 24 hours of rest before assignment to any flight or ground duty. On a weekly basis, his flight-hours may not exceed 30, and he must be allowed at least 1 day of rest in every 7. For pilots in international operations, rest periods are likewise required and limits are set on daily flying hours under some circumstances; but these requirements are more flexible than those applying to the domestic branch of the industry, especially when more than two pilots are carried.

No up-to-date statistics are available regarding the number of hours pilots have to spend on duty on the ground, either at work or waiting to take off when weather is bad or plane repairs are needed. Estimates of the amount of time thus consumed were, however, obtained from a number of company and trade-union officials. These ranged from "less than half as many hours as are spent in flight" to "close to an hour for every hour in the air."

Other flight personnel.—The flying hours of flight engineers, navigators, and flight radio operators in international operations—in which all such workers except a few flight engineers are found at present—are governed by the provisions already cited with respect to pilots. For all navigators, flight time is limited to 350 hours in any 90 days and 1,000 hours in a year (1,200 hours until 6 months after the war). These standards apply also to flight engineers on planes carrying two or more crew members in this occupation, and to flight radio operators under the same circumstances. When

[3] Civil Air Regulations amendment 41.0, effective September 1, 1945.

there is only one flight engineer or flight radio operator on the aircraft, his flight time is limited to 120 hours in 30 days, 300 hours in 90 days, and 1,000 hours in a year (with certain relaxations until 6 months after the war). In addition, specified rest periods must be given.

Thus, workers in these occupations—like the pilots with whom they fly—tend to have irregular working hours, sometimes flying long hours 1 month and being permitted extra time off duty later on. Most men apparently average between 85 and 100 flying hours a month under peacetime conditions. In all three occupations ground duties are less extensive and time-consuming than for pilots. It has been estimated that navigators, for example, do only about 50 to 100 hours' work on the ground during a year.

There are no legal controls on the flight-hours of stewards and stewardesses, whose functions are not significantly related to flight safety. However, the flying hours of such workers appear to be very similar to those of the other flight personnel just discussed—about 85 to 100 hours a month (on the average) with some variation from 1 month to another. Stewardesses, as a rule, spend very little time in ground duties. This is true also of many stewards, although men in this occupation have sometimes had to do considerable work between flights.

Ground personnel.—Until after the war ended, all ground personnel covered by this study, with the exception of dispatchers, were on an 8-hour day and a 48-hour, 6-day week throughout the air-transport industry. In late 1945 and early 1946, however, the industry changed to a 40-hour week.

Mechanics and stock and stores employees—like all other personnel paid on an hourly basis—are paid time and a half for work above 40 hours a week, as they were for work above 48 hours a week under the old schedule. They are also paid time and a half for work above 8 hours a day and, on some lines, double time for work above 12 hours on any day, and for any work on the seventh day in a week. These provisions have the effect of restricting overtime, which, even during the war, was the exception rather than the rule in air-line maintenance departments. For mechanics in domestic operations, overtime is further limited by the requirement of the Civil Air Regulations that they must have at least one full day (24 consecutive hours) off duty every week.

The normal workweek for dispatchers was usually 44 hours, in some instances 48 hours, at the end of 1945. It was subsequently lowered to 40 hours on a number of lines. Dispatchers have, however, an irregular workday; they are often on duty 9 or 9½ hours and sometimes even 10 to 12 hours. Although compensatory time off is given for overtime by some companies and extra pay by others, still others make no such provision. The requirements of the Civil Air Regulations with regard to dispatchers' working hours are very flexible and apply only to domestic operations. If a dispatcher in this branch of the industry is scheduled to be on duty more than 10 hours out of any 24, he must be given a rest period of at least 8 hours (with exceptions in emergencies). In addition, dispatchers are granted an equivalent of 1 day of rest out of 7, which may be given at any time during the calendar month.

EARNINGS

Pilots.—Air-line captains are the most highly paid of the occupational groups covered by this study.

The pay of captains in domestic operations, like their flight time, is still governed by Decision 83 of the National Labor Board, issued in 1934. The wage scale which this decision established, and which was made the legal minimum for such captains by the Civil Aeronautics Act of 1938, consists of four elements: (1) "Annual base pay," beginning at $1,600 and increasing $200 with each year of service up to a maximum of $3,000; (2) additional "hourly pay" at rates which vary directly with the speed of the plane and are also higher for night than for daytime flying; (3) additional "mileage pay," for mileage flown at speeds above 100 miles an hour; and (4) on a few lines only, certain further differentials in hourly or mileage pay for flying over hazardous terrain.[4]

Typical earnings under this wage scale were about $600 to $850 a month in domestic flying at the end of 1945. In general, new captains earned about the minimum amount; those with long experience and therefore higher base pay approached the maximum. Of course, some variations occurred in earnings between men with the same length of experience, as a result of differing hourly or mileage pay, but these were not of great importance for several reasons. Most captains were flying about the same number of hours a month; practically all the planes then in use were two-engine aircraft in the same speed class; and it is the policy of each air line to share the more remunerative night flying as evenly as possible among its captains.

This situation has been changed, however, by the introduction of four-engine aircraft on domestic routes. As these planes are in higher speed classes than the DC–3's and other two-motored airliners, their pilots receive correspondingly higher hourly pay. The result has no doubt been to raise somewhat the maximum earnings of captains on domestic routes, even without the upward revision in wage scales for pilots of four-engine planes which the Air Line Pilots' Association is seeking.

Captains employed in overseas operations have, as a rule, higher earnings than those in the domestic branch of the industry—although the only legal requirement with regard to their pay is that it must be "not less, upon an annual basis, than the compensation required to be paid" for comparable service within the continental United States.[5] Late in 1945, these men generally earned $850 to $1,100 a month.[6] Most of them received either a monthly salary graduated according to their length of service with the company or graduated base pay plus an hourly rate. However, one major line paid all of its pilots flying on international routes the same monthly rate.

A co-pilot's pay—which represents the entry wage for all air-line pilot work—is only a fraction of the sum that may be expected by a captain. Under the salary schedules in effect in domestic flying at the end of 1945, co-pilots generally started out at $220 a month (after completion of initial training, when pay was considerably less). An

[4] Decisions of the National Labor Board, Part II, April 1934-July 1934, In the Matter of the Air Line Pilots' Wage Dispute, No. 83, decided May 10, 1934, (pp. 20–21).

[5] Civil Aeronautics Act of 1938, Title IV, section L (2).

[6] The figures quoted do not apply to pilots flying two-motored planes in Latin American service, who have about the same salary range as captains in domestic operations.

increase of $20 a month was given every 6 months up to a maximum of $380. However, many co-pilots never made this top figure as they were promoted to captain positions before the end of the 4 years required to reach it.

As in the case of captains, pay scales of co-pilots are generally higher and also much less standardized in international than in domestic operations. For example, late in 1945 one international carrier paid its new co-pilots $250 a month and increased their salaries by $25 every 6 months, up to a maximum of $500. On another line, co-pilots received base pay of $200 to $360 a month, plus $2.50 per flight-hour—which would, of course, mean monthly earnings of $412 to $572 for 85 hours of flying.

Pilots are often away from their home bases on duty at meal times or over night. On such occasions, the cost of their board and room is paid by the company, and they may be allowed $1 a day for tips and other incidental expenses. Those stationed abroad receive special bonuses, varying in amount from company to company. To illustrate, one line gave a bonus of 15 percent of the pilot's salary for foreign service in 1945; another line granted 10 percent. Still another varies the bonus according to the cost of living at the station and pays extra if the location is particularly undesirable.

Other flight personnel.—Typical monthly earnings of other technical flight personnel late in 1945 were as follows: Navigators, $325 to $500; flight engineers, $250 to $500; and flight radio operators, $250 to $450.

The lower figures represent in each case the usual beginning salary of a fully qualified worker. The higher figures represent the usual, though not the universal, top salary in the occupation. Workers in each of these occupations (like pilots) receive regular salary increases. In addition, a distinction is generally made between junior and senior employees or other grades, each category having a separate salary range within the broad range of earnings indicated.

Stewards and stewardesses have considerably lower earnings than do the other, much more highly skilled members of the crew. In the latter part of 1945, stewards in international operations, in which the great majority of men in this occupation are employed, generally had an initial salary of about $170 a month and received regular increases up to a maximum of about $235 after several years on the job. Stewardesses in overseas flying had much the same beginning salary, though they could not look forward to such large increases. On domestic routes, which employ most stewardesses, the starting salary for these girls was only about $125 or $130 late in 1945; their top salary, reached after several years of service, was about $165 to $180. After that time, however, some domestic air lines, especially the larger ones, raised the minimum rate for hostesses to about $140 or $150; the maximum, to about $200 or slightly more.

In addition to their salaries, all these employees receive bonuses for foreign service and have their living expenses paid when they are away from base on duty. Such provisions are the same as those for pilots.

Dispatchers and meteorologists.—Dispatchers are the most highly paid of the various groups of ground personnel covered by the study—as would be expected in view of their heavy responsibility for safe and

efficient flight operations and the extensive training and experience which is necessary for their jobs. The usual beginning salary of licensed dispatchers was about $250 a month late in 1945, and provision was made for regular increases up to a maximum of $450 or $500. Assistant dispatchers earned somewhat less.

For meteorologists, a sharp distinction is made between junior and senior employees. The usual salary for the junior classification was $150 to $200, depending largely on length of experience; for the senior group, $200 to $300 or slightly more was paid.

Dispatchers occasionally have to be away from their domiciles on duty. Under such circumstances they receive their living expenses, as do flight personnel. Those stationed abroad likewise receive foreign-service bonuses.

Mechanics, stock clerks, and ground communications operators.—Air-line maintenance employees are paid on an hourly basis. At the end of the war, typical hourly wages for the various grades of mechanics ranged as follows: Apprentices and junior mechanics or helpers, 60 to 90 cents; mechanics and specialists, $1.00 to $1.10; senior mechanics, $1.10 to $1.20; master mechanics, $1.20 to $1.30; inspectors and crew chiefs, $1.25 to $1.35. In each of these classifications, employees without previous experience at the given grade had to start at the bottom rate and received increases on a "longevity" basis. Weekly earnings for a 48-hour week—the standard workweek when these rates were in force—were $28.80 to $43.20 for apprentices and helpers, $48 to $52.80 for mechanics and specialists, up to $60 to $64.80 for inspectors and crew chiefs. As already indicated, however, the industry has since then changed to a 40-hour week. This reduction in hours was accompanied by an increase in wage rates to maintain at least the same weekly pay. The mechanics' unions are urging still larger rate raises and have in many instances already obtained such increases. The beginning wage for apprentices, for example, is now 72 to 78 cents an hour or slightly higher on most major lines; the usual starting rate for mechanics and specialists is $1.20 or $1.26 an hour.

Stock and stores clerks, who are also in the maintenance departments, are likewise paid on an hourly basis. As of VJ-day, the typical beginning wage of a junior clerk was 55 to 60 cents an hour; the usual top figure for nonsupervisory employees was 95 cents. Supervisory personnel earned more, averaging about 10 cents higher than senior clerks. Based on these rates, the earnings of nonsupervisory clerks for the prevailing 48-hour week ranged from $26.40 to $45.60. Currently, their weekly wages are at least as high as this for a 40-hour week, owing to recent compensatory rate raises like those received by mechanics; on some lines, the weekly wage for beginning clerks is $31.20. Moreover, the pay of stock and stores employees is often included in the unions' current efforts to secure higher wages for maintenance personnel.

Last among the groups of air-line employees covered by this study are ground-communications operators. Radio operators employed on the ground earned only about half as much as flight radio operators—from about $130 to about $245 a month and sometimes higher—in the latter part of 1945. This range included the salary

scales for both junior and senior operators when, as was customary, the air lines had established separate scales. On the other hand, supervisors were not covered but had earnings well above the indicated maximum.

Monthly earnings of teletype operators began at a slightly lower figure than the entry rate for radio operators. The typical range was from about $125 to about $160, depending on length of experience, and compensation was added for supervisory duties.

Since maintenance and ground communications personnel are not generally required to be away from their domiciles on duty, the problem of living expenses when away from base does not arise. However, some employees in these departments are stationed abroad, in which case they receive the same bonuses for foreign service as are given to the other air-line employees previously discussed.

Fixed-Base Operators

Nonscheduled flying services and other fixed-base operations are, in general, the "small business" activities of aviation. Much self-employment exists and little standardization of wages and working conditions. For these reasons, and also because the statistical information available is very limited, only a few high lights can be given with regard to prevailing employment conditions.

HOURS OF WORK

"This is a 7-day week business," one fixed-base operator said, "if ever there was one." In the typical small operation catering to the general public, the owner has to receive customers at any and all hours convenient to them; especially if his business includes flight instruction—but also if he garages and services private planes, has a sales agency, or takes passengers on taxi and sightseeing flights—his hours of peak activity are usually in the late afternoons and evenings and over week ends.

Pilots on the staff of nonscheduled flying services and flying schools are also likely to spend long and very irregular hours at the airport, although usually not as many as do the operators themselves. Under the Civil Air Regulations, a flight instructor may not give more than 8 hours of dual flight instruction a day nor more than 36 hours a week. There is no legal control over working hours in other types of nonscheduled flying, and the pilots often have to spend considerable time at the airport waiting for work. They frequently have a day or several days off in bad weather, especially during the winter.

For mechanics, the most usual workweek in fixed-base operations appeared to be 48 hours; their working time varied from 40 to 56 hours or more weekly in 1945 in several northeastern metropolitan areas. Usually they receive 1 day off a week—generally on a weekday—since in most operations their work, like that of the pilots, is heaviest at the week-end peak in private flying. This does not hold true, however, for repair shops specializing in overhaul work and major repairs, where the men often have Sunday off. When overtime is necessary, the mechanics may receive compensatory time off or straight-time pay. Premium pay for overtime appears to be less common in fixed-base operations than with the air lines.

EARNINGS

The pilot who starts his own flying service and the mechanic who opens a repair shop take risks typical of small business ventures of all types. Some sustain losses and may even be forced out of business. Others make substantial profits. Many factors influence an operator's chances of success—among them, the amount of capital invested, the type of operation, its location with respect to population centers, the individual's business and technical abilities, and how many hours of work he is willing to put in.

In 1940, fixed-base operators had, on the average, a net revenue for the year of $3,148.[7] However, this national average hides the differences in income between individual operators. The variations are illustrated by 1945 data for certain operators in northeastern metropolitan areas who reported a net monthly income of $300 to $1,500 (the top figure representing earnings from operations at two different airports).

Some operators pay the pilots on their staffs a monthly salary. Others pay them an hourly rate—which was generally $3 for flight instructors and $4 to $6 for "charter" pilots in the flying services for which 1945 data were obtained. Before the war, pilots' yearly earnings were estimated to range from a minimum of $960 up to many times that amount.[8] In 1945, the range of pilots' earnings in the establishments surveyed was about $3,000 to $5,000 a year; it was reported that in some other operations pilots were making much more. Earnings vary with the location and prosperity of the enterprise and, for men paid an hourly rate, the policy of the operator as to the number of pilots employed. Some operators believe that continuous use of a small number of pilots and planes is most profitable, while others hold that it is better to divide the business among a greater number of employees and aircraft. Whatever the merits of each policy from the viewpoint of profits, to the pilot the former practice means, of course, more work and higher earnings.

As in the air lines, mechanics employed in fixed-base operations are generally paid hourly rates, though a few receive monthly salaries. For apprentices and helpers, wages ranged from 50 to 75 cents an hour in 1945 in the operations surveyed. Mechanics received about $1.20 to $1.40 an hour, and foremen still more—in the few operations large enough to have an employee in this category. The rates reported for skilled mechanics were higher than those paid by the air lines in 1945 to "senior mechanics" and, in some instances, even above those paid to air-line "master mechanics," inspectors, and crew chiefs. Often, the smallest operations—with only one or two mechanics—paid the highest wages, since they had to have men who were skilled enough to handle work on any part of a plane and its equipment and on many different types of aircraft.

Civil Aeronautics Administration

Like other Federal employees, CAA personnel now have a basic 40-hour, 5-day week. However, longer hours are sometimes necessary.

[7] U. S. Civil Aeronautics Board, Docket No. 857: Local-Feeder-Pickup Air Services Statement of Economic Bureau, by Raymond W. Stough, September 28, 1943. Appendix 5.
[8] Follett, Ben: Careers in Aviation (Waverly House, Boston, Mass.), 1945 (p. 76).

Aircraft communicators and airway-traffic controllers in field offices, for example, often have to work 44 or 45 hours a week. Additional overtime is rare under peacetime conditions, although there is a legal restriction on working hours only for airport traffic controllers, and even this limitation is far from rigid. Under the Civil Air Regulations, an airport traffic-control tower operator must not work over 10 hours consecutively and must be given at least 1 full day off out of every 7, except in emergencies.

It is estimated that aeronautical inspectors usually spend 17 to 21 hours a week in flying and the remainder of the 40 hours in work on the ground. CAA pilots other than inspectors fly from 60 or 70 up to 100 hours a month, depending largely on the season of the year.

Minimum annual salaries in the occupations covered by the study are as follows:

	Minimum annual salaries[1]	
	Lowest grade	*Highest grade*
Aeronautical inspectors	$4,526	$5,905
Air-carrier inspectors (operations)	4,150	5,905
Airplane pilots	4,902	(2)
Aircraft inspectors	4,150	5,905
Air-carrier inspectors (maintenance)	4,150	5,905
Aircraft and engine mechanics	2,469	3,397
Aircraft communicators	2,168	4,150
Airport traffic controllers	2,645	4,150
Airway traffic controllers	2,645	4,526

[1] Figures are rounded to the nearest dollar.
[2] There is only one grade of airplane pilot.

For men with pilot experience (the first three groups), minimum salaries range from $4,150 to $5,905 a year depending upon the grade of position; for men with mechanic experience (the next three groups), the range is from $2,469 to $5,905. The largest number of aircraft communicators are in a grade with a starting salary of $3,397. In addition, "within-grade increases" of $75 to $239 a year are given every 12 or 18 months, depending on the grade. Extra pay is given also for overtime above 40 hours in these as in other Federal jobs.

Wartime Wages, Income, and Wage Regulation in Agriculture[1]

Part 2.—Comparative Wages and Wage Regulation

AVERAGE net income per farm family worker (exclusive of income from nonagricultural sources) increased from $572 in 1935–39 to $1,712 in 1945, a rise of 199 percent, as compared with an advance of 188 percent, from $362 to $1,044, in the average wage of hired farm workers. The estimated per capita net income of persons living on farms (from agriculture and Government payments) increased 232 percent between 1935–39 and 1945, in contrast to a rise of 107 percent in the per capita income of persons not living on farms. Percentage increases in the wages of workers in major nonfarm employments were much smaller than the advance in the general farm wage rate. These converging trends marked a sharp reversal of the diverging trends of farm and nonfarm wages between the First and Second World Wars.

Wage controls in agriculture over the war period were of three types: (1) Continuance of minimum-wage determinations in the sugar-beet and sugar-cane industries under the Sugar Act of 1937 as a condition for payments to growers of subsidies; (2) regulation of farm wage rates under the wartime stabilization program; and (3) the ascertaining of prevailing farm rates for use in fixing the wages of foreign and interstate farm workers. Wage determinations under the Sugar Act are primarily allocations to workers of a "share" of the benefits of the act in the form of a customary percentage of gross returns per ton of beets, in contrast to generally accepted minimum wage standards as the basis of minimum wage determinations in other employments. The wartime increases in sugar-beet wage determinations were much smaller than the increases in general farm wages in the sugar-beet areas. The setting of specific wage ceilings for seasonal workers was the most widely used method of wage stabilization in agriculture. The determination of prevailing wages to be paid foreign and interstate workers was not concerned with establishing wage levels and therefore differed from the fixing of ceilings under the wage-stabilization program.

With the return to peacetime production, a basic national problem is the avoidance of the conditions which, before the war, tended to depress the wages and living standards of farm workers. The realization of adequate farm wages and income for farmers depends largely on the maintenance of high levels of employment and income in the nonagricultural sector of our economy.

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[1] Prepared by Marilyn Sworzyn, under the direction of Witt Bowden, of the Bureau's Labor Economics Staff. Reliance has been placed principally upon data published or made available by the Bureau of Agricultural Economics and the Production and Marketing Administration of the U. S. Department of Agriculture. The cooperation of those agencies is gratefully acknowledged.

Part I.—Farm Wages and Labor Cost, which appeared in the July Monthly Review, summarized wage data by region, State, and type of wage payments and indicated the relationship between wages and other production costs.

Income of Hired Workers and Family Workers

The income of farm family workers including farm operators, increased more rapidly over the war period than the wages of hired farm workers.[2] The trends between 1910–14 (the parity base period) and 1935–39 also favored farm family workers.

Average net income per family worker (from current farm operations and Government payments, but excluding income from nonagricultural sources) rose from $572 in 1935–39 to $1,712 in 1945, an increase of 199 percent. The average wage, including perquisites, per hired farm worker increased 188 percent, from $362 to $1,044. In 1910–14, the wage per hired worker was 68 percent as large as the income from farming per family worker; in 1935–39, it was only 63 percent as large; and in 1945, there was a further decline to 61 percent. It should be noted that although the average wage fell sharply during the early thirties, the average net income of family workers declined even more, the difference between the averages then being relatively small. In depression years, however, subsistence farming cushioned the decline of income for farm operators and their families.

The Bureau of Agricultural Economics made a special study of 14 groups of typical family-operated farms, including data on hourly earnings.[3] Estimates derived from this study indicate that the hourly returns (excluding returns for land and capital) to operator and family labor from 1935–39 to 1945 advanced more than the estimated wages per hour of hired workers in all but 2 of the 14 types of farms. The exceptions were cotton farms of the Southern Plains and the Black Prairie regions. The smallest increase in hourly returns to operator and family labor was 131 percent, in the Mississippi Delta; the smallest increase to hired labor was 92 percent, in the same region. The largest increase (twelvefold) in hourly returns to operator and family labor was on the winter wheat farms of the Southern Plains region. This advance is explained in part by exceptionally small returns before World War II (1935 to 1939), because of poor yields and low prices in contrast to better yields and rising prices during the war. Wages are naturally more stable than returns to operator and family labor, which are affected more directly by fluctuations in prices and volume of production.

Farm and Nonfarm Wages and Income

Per capita farm income, including wages, made greater gains over the war period than did the average income of the nonfarm population. Total farm income as a percentage of total national income increased over the period, from 8.2 percent in 1935–39 to 9.1 percent in 1945, and the farm population as a percentage of total civilian population dropped from 24 to 18 percent.

The estimated per capita income of persons living on farms (from agriculture and Government payments) was 331 percent higher in 1945 than during the so-called parity base period of 1910–14; the per

[2] Farm Income Situation, June 1946, Net Farm Income—Parity Report, United States, 1945 (U. S. Department of Agriculture, Bureau of Agricultural Economics). Net income as here used excludes inventory adjustments.

[3] Typical Family Operated Farms, 1930–45 Adjustments, Costs and Returns, U. S. Department of Agriculture, Bureau of Agricultural Economics (Washington), April 1946.

capita income of persons not living on farms was 166 percent higher.[4] The parity income ratio (as distinguished from the parity price ratio) was thus 162.[5] Most of the rise of the index of per capita farm income above that of nonfarm income occurred during the war years, the 1935–39 ratio being only 101.

Comparisons of farm wage trends from the parity base period with wage trends in nonfarm employments indicate a great lag in farm wages prior to the war. During the war period, however, percentage increases were much larger in farm than in nonfarm wages.

Between July 1939 and July 1945, the general farm wage rate rose 187 percent, and the rate per day without board increased 182 percent. Increases in important nonfarm employments were much smaller: 65 percent in the average hourly earnings of factory workers; 63 percent in the average of railroad section men and extra gang men; 93 percent in the rate paid to common labor in road building; and 26 percent in the union hourly rate of laborers and helpers in the building trades.

The general farm wage rate in July 1939 was only 26 percent above the parity base period, and the rate per day without board was only 12 percent higher. In contrast, average hourly earnings rose 206 percent in manufacturing and 172 percent in railroad section work; the rate of common laborers in road building rose 115 percent; and the union hourly rate of helpers and laborers in building trades rose 221 percent.[6]

Thus, the lag in farm wages from the parity base period to 1939 was so great that it was not entirely overcome by the relatively large wartime increases.[7]

Wage Controls in Agriculture

MINIMUM WAGES IN SUGAR-BEET FARMING

Existing wage controls in agriculture are of three types: (1) Wartime control of farm wages under the wage-stabilization program; (2) determination of prevailing wage rates for foreign and interstate workers recruited and placed in wartime farm work by the War Food Administration; and (3) setting of wage rates authorized by the Sugar Act of 1937.

The sugar-beet industry makes wide use of contract workers, chiefly of Mexican or other Spanish-American extraction. These workers are chronically faced with underemployment, low incomes, and the necessity of migrating long distances in order to obtain a limited amount of work. The Sugar Act requires that all producers of sugar

[4] The U. S. Department of Agriculture has experienced difficulty in allocating income from nonagricultural sources going to persons on farms. The figures above therefore show the changes in the per capita net income from agricultural sources only of persons on farms. Estimates for recent years are available and indicate that for 1935–39 income from nonfarm sources formed somewhat more than a fourth of the total income of persons on farms.

[5] The parity formula is public policy and as such is reflected in available statistics used in this article, but the adequacy of the formula as an embodiment of equitable price and income relationship is not a part of the present discussion.

[6] The base periods used for computing the changes in nonfarm wages were slightly different in some cases because of lack of data for the entire period from 1910 to 1914, but the trends are not significantly affected.

[7] Comparisons of changes in farm and nonfarm wages are restricted to percentage changes because differences in types of wage data prevent comparisons of actual wage levels in dollars and cents. The above percentage comparisons are not to be viewed as implying the assumption that equitable wage relationships existed either in 1939 or in the parity base period.

beets and sugarcane [8] who wish to qualify for Government payments must, among other conditions, pay their employees in full at rates not less than those that may be determined by the Secretary of Agriculture to be fair and reasonable after investigation and due notice and opportunity for public hearing. The term "fair and reasonable" was related primarily, by administrative practice, to the benefits of the act, the main consideration being the allocation to wages of a customary "share" or percentage of the gross returns per acre or per ton of beets. The changes in minimum wages as made by the determinations have been allied closely to changes in gross returns per acre or per ton of beets, although other factors, particularly changes in cost of production and in cost of living, are given consideration.

Minimum wage rates established under the Sugar Act, as averaged for 18 States, declined slightly between 1939 and 1941 but rose substantially thereafter, as shown in the accompanying table. The total wage per acre paid for the combined operations (blocking and thinning, hoeing, topping, loading) rose from $22.24 in 1941 to $35.13 in 1945. The minimum rate per acre for 1946 averaged $41.16. This increase over 1945, resulting from increased support payments to growers, was the first since 1943, except for minor adjustments.

Minimum Wage Rates per Acre in Sugar-Beet Industry, as Averaged for 18 States, 1939–46 [1]

Year	Type of piece work									
	Blocking and thinning		First hoeing		Subsequent hoeings		Topping or topping and loading		Total wage per acre	
	Rate	Index	Rate	Index	Rate	Index	Rate	Index	Rate	Index
1939	$8.05	100.0	$2.25	100.0	$1.37	100.0	$10.81	100.0	$22.48	100.0
1940	8.05	100.0	2.25	100.0	1.37	100.0	10.81	100.0	22.48	100.0
1941	7.81	97.0	2.25	100.0	1.37	100.0	10.81	100.0	22.24	98.9
1942	9.30	115.5	2.75	122.2	1.87	136.5	13.94	129.0	27.86	123.9
1943	11.80	146.6	3.62	160.9	2.62	191.2	16.64	153.9	34.68	154.3
1944	11.80	146.6	3.62	160.9	2.62	191.2	16.64	153.9	34.68	154.3
1945	12.00	149.1	3.70	164.4	2.70	197.1	16.73	154.8	35.13	156.3
1946	14.04	174.4	3.98	176.9	3.09	225.5	20.05	185.5	41.16	183.1

[1] U. S. Department of Agriculture, Production and Marketing Administration, Sugar Branch. The averages were computed from rates established under the Sugar Act of 1937.

The 56-percent increase in minimum sugar-beet rates between 1939 and 1945 was significantly less than the rise either in the general farm wage rates in the chief sugar-beet regions or in the rates for picking cotton, an important type of piece work discussed in Part 1. During the war, however, labor shortages and the rapid rise in general wage rates caused some sugar-beet growers to pay rates above the stated minimum.

The following increases in the general wage rate occurred in the four geographic divisions containing the 18 sugar-beet-growing States between July 1939 and July 1945: East North Central States, 144 percent; West North Central, 200 percent; Mountain, 188 percent; and Pacific, 205 percent. Wage increases between 1939 and 1945 for

[8] Sugarcane is not grown extensively in the continental United States except in Louisiana and Florida. This discussion, therefore, will be limited to sugar-beet growing in the United States. [9] The Sugar Act also applies to Puerto Rico and Hawaii.

picking cotton by the hundredweight in 16 of the major cotton-producing States ranged from 156 to 283 percent. In California, the only State that produces a sizable amount of both cotton and sugar beets, the piece rate for cotton picking rose 165 percent.

Piece rates are of more significance in a wage study when translated into hourly or daily earnings. In the early wage determinations under the Sugar Act, hourly rates were established for only a few States. At present, the wage orders include both hourly and piece rates for some types of work in all States, but hourly rates are paid to only a small proportion of total workers in the sugar-beet fields. Hourly rates are most common in California.

A study made by the Bureau of Agricultural Economics in October 1945 of the earnings of 529 workers harvesting sugar beets in the Saginaw-Bay City area of Michigan shows cash earnings averaging 65 cents an hour based on piece rates per acre.[9] This figure of actual hourly earnings is slightly higher than the 60-cent minimum hourly rate for beet harvesting in Michigan as required by the 1945 wage determinations. It approximates the hourly rate fixed as the minimum for harvesting in Washington and California in 1945 and is identical with the national average for 1946. Given below are hourly rates for specific operations for the States of California and Washington, 1939 to 1946; piece rates, however, are predominant for all operations.

	Rates per hour in California and Washington for—		
	Thinning	*Hoeing*	*Harvesting*
1939	$0.388	$0.337	$0.437
1940	.388	.337	.437
1941	.388	.337	.437
1942	.438	.388	.538
1943	.538	.488	.638
1944	.538	.488	.638
1945	.538	.538	.638
1946	.600	.600	[1] .650

[1] The same rate applies to all 18 States for 1946.

From 1939 to 1945, the hourly rates in sugar-beet farming in Washington and California increased 39 percent for thinning, 46 percent for harvesting, and 60 percent for hoeing. Composite farm rates rose 251 percent in Washington and 179 percent in California over the same period. Translated into terms of an estimated workday of 9.6 hours,[10] daily earnings of employees paid by the hour at the required rate in 1945 equaled $5.16 for thinning and hoeing and $6.12 for harvesting. These figures were significantly below the rate of $8.40 per day without board paid in Washington and $7.80 paid in California in July 1945, and somewhat below the rates per day with board.

When interpreted in terms of the duration of employment, the earnings of sugar-beet workers are exceptionally low. Although the sugar-beet season extends over a period of 6 months or more, it was estimated in 1940 that the actual number of days of work obtained from sugar beets does not, on the average, exceed 50 days. Except in California, the most common type of contract labor in sugar-beet growing is the family system. To the extent, therefore, that more than one member

[9] Farm Labor, December 14, 1945, U. S. Department of Agriculture, Bureau of Agricultural Economics.
[10] Average workday reported in 1943 from data received by the U. S. Department of Agriculture, Production and Marketing Administration, Sugar Branch.

of a family was employed in sugar-beet operations the earnings of a family were augmented. The widespread use of child labor in order to raise the family earnings was the major basis for the child-labor restrictions of the Sugar Act, which forbids the employment of children under 14 years of age and limits their employment between the ages of 14 to 16 years to 8 hours per day.

Wartime demand for labor probably enabled many sugar-beet workers to increase their earnings from other types of farm and nonfarm work. From the limited information available it appears that supplemental earnings were generally small during the decade preceding the second World War.[11] The fact that employment in sugar factories and in other industries is generally slack in the winter months, when sugar-beet workers are seeking work, limits their possibilities for other types of employment.

The Department of Agriculture, in fixing minimum rates (which are normally close approximations of actual rates), gives only minor consideration, as previously stated, to such factors as are taken into account in minimum-wage determinations in other employments. In these employments, certain minimum standards of wages, determined independently of gross returns or other criteria of the economic status of employers, are usually the overriding considerations.

An economic basis for increased earnings of sugar-beet workers beyond the increases required by the customary "share" of gross returns per acre or per ton appears to be the marked increase in average output. Noteworthy recent causes of rising productivity are the extension of cross blocking, the improvement of machinery, and more especially the segmentation of seed (reducing the amount of seed required and particularly the amount of thinning).

THE WARTIME FARM WAGE STABILIZATION PROGRAM

The competitive bidding for available farm workers as the supply of workers decreased and as farm income increased resulted late in 1942 in the extension, in modified form, of wartime wage controls to agriculture. The exemption of agricultural labor from the earlier general wage and salary stabilization order was stated in the regulations of the Director of Economic Stabilization to be based on the following considerations: "That the general level of salaries and wages for agricultural labor is substandard, that a wide disparity now exists between salaries and wages paid labor in agriculture and salaries and wages paid labor in other essential war industries, and that the retention and recruitment of agricultural labor is of prime necessity in supplying the United Nations with needed foods and fibers." It may also be noted that consideration had to be given to the practical difficulties of administering controls in the field of farm wages. These arose largely from the extremely diverse wage practices and conditions of employment, from the relative lack of accounting procedures and records in the handling of farm wage payments, and from the prevalence of small farms and relatively individualistic types of employers.

[11] See Wages, Employment Conditions, and Welfare of Sugar Beet Laborers, by Elizabeth S. Johnson, in Monthly Labor Review, February 1938 (reprinted as Serial No. R. 703); and Changes in Technology and Labor Requirements in Crop Production: Sugar Beets, Works Progress Administration, National Research Project Report No. A-1, August 1937 (pp. 42-44).

The regulations of the Economic Stabilization Director were amended on November 30, 1942, to give the Secretary of Agriculture control of wage stabilization for agricultural labor. These functions were later transferred to the War Food Administration but were returned to the Secretary in June 1945. The wage-stabilization program for agriculture consisted of two parts: Controls of a general character covering farm labor in all parts of the United States, and regulations affecting specific crop operations.

Although primarily intended to restrain the rise in wages, the new policy afforded a measure of protection of existing wage levels from downward pressures. Under the "General Regulations" issued by the War Food Administration on January 17, 1944, and later amendments, no employer could decrease wages or salaries paid to agricultural labor below the highest salary or wage paid for such work between January 1 and September 15, 1942, without the approval of the War Food Administrator. Farm wage rates, however, could be increased up to the level of $200 per month without the approval of the Administrator unless otherwise determined by him in the case of particular crops, areas, or classes of employers. If an employer paid rates higher than $200 a month for seasonal work in the year prior to December 9, 1943, he could continue to pay the same rate for the same work under similar conditions. Approval for rates of pay above $200 per month might be granted on grounds similar to those laid down by the National War Labor Board for increases in wages and salaries under its jurisdiction. The Commissioner of Internal Revenue was given jurisdiction over all salaries in excess of $5,000.

Initially the farm-wage program was guided by an annual earnings standard of $2,400 a year. Amendments to the original order (1) substituted a rate concept for the previous earnings-per-year concept, (2) set $200 a month or its equivalent in shorter time units or in piece rates as the level at which general control of farm wages should begin, and (3) made the general wage regulation applicable especially through specific wage ceilings to seasonal workers as well as to regular farm workers.[12]

The application of wage controls to seasonal workers appears to have been the most important phase of the wage-stabilization program for agriculture. Wage ceilings were most widely used in areas paying relatively high rates to migratory workers for seasonal work. Under the regulations, the Administrator could establish maximum rates in specified areas for particular crop operations. An employer could not pay more than these rates without obtaining approval. Congress provided that specific wage ceilings could be established during the fiscal year ended June 30, 1945, only upon request from the majority of producers of a commodity in an affected area. That provision was changed to the effect that after July 1, 1945, ceilings could be established upon requests of majorities of producers participating in meetings or referendums held for such purposes.

Up to September 1, 1945, orders for 69 specific wage ceilings had been issued. The first ceiling was established on April 12, 1943, for asparagus harvest labor in 5 California counties. After that date maximum rates were set up for performing specific crop operations in

[12] Wages of Agricultural Labor in the United States, by Louis J, Ducoff, U. S. Department of Agriculture, Bureau of Agricultural Economics, July 1945.

parts of Maine, South Dakota, Delaware, Florida, Texas, Idaho, Arizona, Washington, Oregon, and California. Generally the specific ceilings set for special crop areas exceeded 85 cents an hour (the equivalent of $200 a month, assuming 26 days at 9 hours per day). It cannot, however, be assumed that earnings averaged as much as $200, for the ceilings were maximun rates, and the work is highly seasonal.

State farm wage boards played an important part in the wage-ceiling program for specific crops. Regulations authorized the Director of the WFA Office of Labor to establish boards for the various States. The wage boards hold public hearings to obtain information and they recommend wage ceilings in a given area for specified crops, classes of employees, or farming operations. Appeals for relief from hardships resulting from wage ceilings are heard by the boards. They may also hold hearings to determine whether specific wage ceilings have been violated

DETERMINATION OF PREVAILING WAGE RATES FOR FOREIGN AND INTERSTATE FARM WORKERS

Another type of wartime regulation of farm wages was the determination of prevailing farm wage rates to be paid imported foreign workers and laborers transported interstate by the War Food Administration for agricultural work. Under the terms of the agreements negotiated by the United States Government with the Governments of Mexico, Jamaica, the Bahamas, and Newfoundland, workers brought in from these countries for wartime work were to be paid "prevailing wage rates" in the crops and areas involved. The foreign agreements also contained minimum-wage clauses. The payment of prevailing wages was required for farm workers transported by the WFA from one State to another and for prisoners of war, soldiers assigned in units by the War Department, [13] and Japanese-American evacuees when engaged in farm work.

In July 1945, about 78,000 foreign workers, 56,000 of whom were Mexicans, were employed on farms in the United States. The number of domestic farm workers transported interstate under the program averaged about 11,000 annually after 1943.

At the outset of the war when it became apparent that the normal sources of farm labor were inadequate to meet farm-labor needs, the United States Employment Service was authorized to recruit interstate and foreign farm labor. This task was carried out in cooperation with the Farm Security Administration up until Congress made its first special appropriation on April 29, 1943, for the recruitment, transportation, and placement of interstate and foreign labor. To administer this program the Office of Labor of the WFA was established in July 1943.

The Appropriation Acts of April 29, 1943, and February 14, 1944, provide that—

> No part of the funds appropriated in this title, or heretofore appropriated or made available to any department or agency of the Government for the recruiting, transportation, or placement of agricultural workers, shall be used directly or indirectly to fix, regulate, or impose minimum wages or housing standards, to regulate hours of work, or to impose or enforce collective-bargaining requirements or union membership, with respect to any agricultural labor, except with respect to workers imported into the United States from a foreign country and,

[13] Payment by farmers for the work of war prisoners and assigned soldiers was made direct to the United States Treasury.

then only to the extent required to comply with agreements with the Government of such foreign country: *Provided*, That nothing herein contained shall prevent the expenditures of such funds in connection with the negotiation of agreements with employers of agricultural workers which may provide that prevailing wage rates shall be paid for particular crops and areas involved and that shelter shall be provided for such workers.

The War Food Administration was vested with the responsibility for prescribing the procedures by which prevailing farm wage rates were determined for the crops and areas where such labor was used. Although this involved a form of governmental supervision over farm wage rates, it differed basically from the type of regulation used under the stabilization program. The issuance of findings with respect to prevailing wage rates was not concerned with the setting of rates. Indirectly, however, the program may have affected rates as a result of the difficulty of determining in advance the local needs for labor and of avoiding in some areas an inflow of workers in excess of needs, with a depressing effect on wages.

The State Extension Services, which were vested with certain responsibilities in the placement of interstate and foreign workers, were required to assist in any determination of prevailing wage rates for farm work. The procedures prescribed by the War Food Administration and the Federal Extension Services for ascertaining prevailing rates included the setting up of county farm wage boards. A county board is required to hold a public hearing, and is authorized to make such further investigation as it deems appropriate, in order to make findings and recommendations. These are transmitted by the county board to the State Director of Extension, who, in turn, issues the final determination as to prevailing wage rates.

Postwar Problems of Farm Wages and Income

It is evident from comparisons given above that agriculture has shared fully in the prosperity resulting from an economy operating at or near capacity. Agricultural wages and the income of farmers attained record peaks during the war. When deferred demand is met, however, and when the devastated countries are able to return to their normal peacetime farm production, agriculture in this country may again be faced with problems resembling those of prewar years. No substantial gains were made in the real wage income of farm workers in the three decades preceding 1940. The income of industrial workers, on the other hand, rose progressively. A basic national problem is the avoidance, with the return to peacetime production, of the conditlons which seriously depressed the wages and living standards of farm workers.

The level of wages of hired farm workers, who comprise about one-fourth of total farm employment, is closely related to the level of income received by the farmer. National and regional figures of farm income and farm wages indicate that the two tend to change in the same direction. This is broadly true in spite of the fact that a relatively few farm operators employ most of the hired farm workers and pay most of the farm wage bill. According to the Bureau of Agricultural Economics, nearly 90 percent of the Nation's farm wage bill in 1939 was paid on farms which individually had a value of products of more than $1,000 and which accounted for 79 percent of all

agricultural production, although these farms made up only about 35 percent of all farms. The farms in the highest value class (the 1 percent which had a value of production of $10,000 or more per farm) accounted for more than 30 percent of the entire cash farm wage bill. About 54 percent of the 1939 cash farm wage bill was paid on only 266,000 farms in the groups with value of production of over $4,000, or on only 4.5 percent of all farms in the country. This concentration appears to have increased during the war.[14]

Most farmers do little or no hiring of labor and have predominantly small incomes, many of them living mainly by subsistence farming as distinguished from farming for the market. Neverthless, even the farmers who do no hiring exert a vital influence on farm wages, especially in times of declining business. These farmers or members of their families frequently in such periods look for work in competition with wage earners. Moreover, in times of business downturn, even the relatively small production thrown into the market from farms operated largely on a subsistence basis tends to depress farm prices and income and, indirectly, farm wages.

In turn, both farm wages and the income of farmers are dependent upon the level at which the rest of the economy is functioning. The maintenance of high levels of wages, income, and employment in the nonagricultural sectors of the economy means a continued high demand for products of the farm, since the greatest demand for agricultural products is from the masses of nonfarm employees. Moreover, pressure on farm jobs is relieved to the extent that employment and wages are adequate for nonfarm workers. One of the major factors in depressing farm prices, wages, and income after 1929 was the mass unemployment and sharp decline in earnings and buying power of nonfarm workers. These workers were unable to buy needed farm products; and in addition, many of them sought refuge on farms, thus increasing the downward pressure on farm prices and wages. The net movement of population from farms from 1920 to 1929 was 5,960,000, an average of 596,000 per year. By 1932 the net movement had been reversed; 266,000 more persons moved to farms than from them. The attainment and maintenance of a desirable balance between farm population and the resources and market opportunities of agriculture requires more than high levels of nonfarm employment and wages; but the interdependence of farm and nonfarm workers becomes increasingly important with the progressive industrialization of the country and the growing dependence of farmers on domestic markets.

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[14] For a study of the concentration of hired workers on large farms as early as 1935, see Distribution of Hired Farm Laborers in the United States, by Julius T. Wendzel, in Monthly Labor Review, September 1937 (reprinted as Serial No. R. 625).

Wage and Hour Statistics

Employment and Earnings in the Philadelphia Knitted-Outerwear Industry, 1944 and 1945[1]

THE knitted-outerwear industry in Philadelphia has had a long history of successful collective bargaining. In 1945, practically all of the manufacturers in this city had agreements with the Knit Goods Workers' Union, Local 190 of the International Ladies' Garment Workers' Union (AFL). These firms are members of the Knitted Outerwear Manufacturers Association and operate under a master agreement which provides, among other matters, that employers are to furnish the union with weekly transcripts of pay-roll records for each employee.[2] After consultation with the Knitted Outerwear Manufacturers Association, the union made these unusual record cards of members' hours and earnings available to the Bureau for use in this study.

It is recognized that there were slight imperfections in the data. It was impossible, for example, to exclude learners and handicapped workers, as is normally done in the Bureau's wage studies. Furthermore, the occupational classifications were not always up to date, and working foremen were probably included in some cases under other occupational titles. Nevertheless, the results are deemed fairly accurate, and slight inaccuracies which may exist do not seriously limit the validity of the material.

Employment and Hours of Work

The number of workers employed in the Philadelphia knitted-outerwear industry averaged about 2,770 in 1943 and approximately 3,200 in 1945. Twenty-four, or nearly half of the establishments included in this study, had fewer than 50 workers, and 15 employed between 50 and 100 workers.

The greater average employment in 1945 does not represent a corresponding increase in the labor force, because turn-over rose considerably during this period. Between 1944 and 1945 the proportion of all employees who worked less than 11 weeks increased from 26 to 32 percent, while those with an employment record of 46 weeks or

[1] Prepared by George E. Votava, regional wage analyst, Philadelphia.

[2] Under the arrangement with the union, the employer contributes amounts equal to 4 percent of the total weekly wages of the union members for the purpose of financing various benefits. From this fund the union, during 1944, provided vacation pay to its members based on total income for a designated period, with a maximum of $38.00 and a minimum of $22.00. Persons in military service received $25.00. Sick benefits of $10.00 per week were paid for a maximum of 10 weeks during the year after an initial 4 days of illness. In addition, hospitalization of $3.00 a day up to 21 days and unlimited medical service at the union health center were provided. In 1945, the maximum vacation pay was increased to $50.00 and sick benefits to $12.00 per week. A post-pregnancy allowance of $50.00 and a surgical allowance up to $50.00 was provided.

more declined from 42 to only 36 percent in the same period. (See table 1.) Many workers from other textile industries, who were temporarily unemployed because of war conditions in 1945, took short-term employment in the knitted-outerwear industry.

Among the selected occupations listed in table 1, cutters showed the greatest continuity of employment, averaging 43 weeks in 1944 and 38 weeks in 1945. The greatest turn-over was indicated for brushers, folders and packers, and examiners and trimmers. About 27 percent of their total number were employed in the industry for less than 6 weeks in 1944; over 30 percent worked this short time in 1945.

Although the scheduled workweek remained unchanged at 40 hours between 1943 and 1945, average actual hours worked declined from 39.0 in 1943 and 38.3 in 1944 to 37.7 in 1945. In large part this reduction was due to less overtime being worked in the latter period and to the increase in labor turn-over.

TABLE 1.—*Distribution of Workers in Philadelphia Knitted-Outerwear Industry, by Number of Weeks Worked During 1944 and 1945*

Number of weeks worked	All workers		Number of workers in selected occupations											
			Brushers		Cutters		Examiners and trimmers		Finishers		Folders and packers		Knitters	
	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945
1 to 5 weeks	620	951	60	45	5	15	120	201	28	44	56	66	12	35
6 to 10 weeks	356	488	10	11	6	11	80	82	27	14	37	49	7	17
11 to 15 weeks	260	313	6	4	6	12	45	47	11	12	32	19	8	17
16 to 20 weeks	195	214	3	5	3	4	33	41	4	11	15	18	6	8
21 to 25 weeks	160	161	4	3	2	3	18	35	10	8	10	7	4	8
26 to 30 weeks	140	159	1	-----	3	-----	15	20	3	11	10	14	6	6
31 to 35 weeks	130	171	-----	2	3	6	17	28	8	6	11	18	5	9
36 to 40 weeks	134	138	2	1	7	2	22	21	7	5	2	12	3	3
41 to 45 weeks	206	214	3	2	5	1	24	25	13	9	13	14	6	8
46 to 51 weeks	1,163	1,224	7	16	52	65	120	124	51	61	48	48	92	93
52 weeks	406	371	-----	3	45	36	37	32	12	12	26	22	66	55
Total	3,770	4,404	96	92	137	155	531	656	174	193	260	287	215	259
Yearly average (weeks)	30.9	27.9	10.9	17.0	43.4	38.0	25.1	22.1	29.2	28.6	24.5	24.3	42.6	35.7

Number of weeks worked	Number of workers in selected occupations—Continued													
	Menders		Merrow operators		Pressers		Singer operators		Special machine operators		Winders		Miscellaneous	
	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945
1 to 5 weeks	10	6	38	54	18	35	27	54	24	47	8	16	214	333
6 to 10 weeks	5	7	29	35	9	21	16	36	29	50	7	13	94	141
11 to 15 weeks	2	6	33	29	8	13	19	22	19	34	7	11	64	87
16 to 20 weeks	1	4	30	17	10	9	16	18	15	21	8	5	51	54
21 to 25 weeks	2	5	18	17	3	5	22	18	21	15	7	4	39	33
26 to 30 weeks	2	-----	21	20	4	7	21	16	19	24	6	4	29	37
31 to 35 weeks	2	2	20	24	5	3	14	14	12	12	2	8	31	39
36 to 40 weeks	2	4	24	25	5	2	15	21	13	16	8	6	24	20
41 to 45 weeks	7	4	31	38	7	13	33	31	25	25	5	10	34	33
46 to 51 weeks	41	35	238	239	45	44	130	138	136	159	42	35	161	168
52 weeks	12	16	50	49	16	15	45	23	28	34	10	9	59	65
Total	86	89	532	547	130	167	358	391	341	437	110	121	800	1,010
Yearly average (weeks)	38.6	36.6	37.1	36.3	33.3	28.4	36.6	32.0	35.4	32.4	34.9	30.1	23.9	20.8

Hourly Earnings

Straight-time hourly earnings [3] of workers with 6 or more weeks of employment in the Philadelphia knitted-outerwear industry increased from 88.2 cents in 1944 to 94.5 cents in 1945. (See table 2.) Although individual earnings ranged from 40 cents to over $2.00 per hour, over 65 percent of the employees in both years received between 45 cents and $1.00. However, the proportion with average earnings of $1.00 or more per hour increased from 25 to 33 percent between 1944 and 1945.

Cutters and pressers, predominantly men, were the highest paid employees, earning $1.35 and $1.26 per hour, respectively, in 1944, and $1.41 and $1.40 in 1945. Among the occupations where women were employed in large numbers, Singer operators had the highest earnings—$1.03 per hour in 1944 and $1.11 in 1945.

TABLE 2.—*Distribution of Philadelphia Knitted-Outerwear Workers Employed 6 Weeks or More in 1944 and 1945, by Straight-Time Hourly Earnings*

Classified hourly earnings	All workers		Number of workers in selected occupations											
			Brushers		Cutters		Examiners and trimmers		Finishers		Folders and packers		Knitters	
	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945
40.0 to 44.9 cents	130	36	2	-----	-----	-----	41	14	18	7	18	7	-----	-----
45.0 to 49.9 cents	300	165	2	4	-----	-----	85	65	26	17	65	22	-----	-----
50.0 to 54.9 cents	318	441	8	10	-----	-----	88	119	27	36	42	49	-----	-----
55.0 to 59.9 cents	212	260	5	7	-----	-----	61	57	21	26	20	38	-----	-----
60.0 to 64.9 cents	200	224	7	4	-----	-----	28	43	16	16	6	24	-----	-----
65.0 to 69.9 cents	176	174	2	5	-----	-----	31	32	11	5	14	16	1	-----
70.0 to 74.9 cents	185	202	-----	4	-----	-----	20	22	13	8	10	18	-----	3
75.0 to 79.9 cents	160	174	4	4	-----	1	15	17	-----	7	11	12	-----	-----
80.0 to 84.9 cents	148	171	1	2	-----	-----	11	18	2	7	6	9	9	4
85.0 to 89.9 cents	159	144	-----	1	-----	-----	11	17	5	2	3	3	19	12
90.0 to 94.9 cents	174	155	3	-----	-----	-----	11	15	5	6	2	4	39	35
95.0 to 99.9 cents	149	176	1	-----	2	-----	4	11	-----	2	3	9	30	35
100.0 to 104.9 cents	118	153	-----	1	9	5	1	8	-----	3	1	5	20	28
105.0 to 109.9 cents	104	126	-----	-----	7	5	2	6	-----	1	-----	1	17	26
110.0 to 114.9 cents	105	113	-----	-----	16	12	1	2	2	3	-----	1	7	10
115.0 to 119.9 cents	100	147	-----	2	25	27	-----	1	-----	-----	-----	-----	8	15
120.0 to 124.9 cents	80	102	-----	-----	9	10	-----	3	-----	1	2	1	10	4
125.0 to 129.9 cents	59	80	-----	1	9	9	-----	3	-----	-----	-----	-----	8	5
130.0 to 134.9 cents	45	72	-----	-----	6	8	1	1	-----	1	-----	1	5	8
135.0 to 139.9 cents	45	59	1	-----	8	9	-----	1	-----	-----	1	1	3	5
140.0 to 144.9 cents	34	36	-----	-----	4	6	-----	-----	-----	-----	-----	-----	5	3
145.0 to 149.9 cents	16	35	-----	1	2	4	-----	-----	-----	-----	-----	-----	2	3
150.0 to 159.9 cents	46	63	-----	1	9	6	-----	-----	-----	1	-----	-----	5	7
160.0 to 169.9 cents	25	52	-----	-----	4	8	-----	-----	-----	-----	-----	-----	5	11
170.0 to 179.9 cents	17	26	-----	-----	4	4	-----	-----	-----	-----	-----	-----	3	1
180.0 to 189.9 cents	12	15	-----	-----	2	5	-----	-----	-----	-----	-----	-----	2	3
190.0 to 199.9 cents	13	16	-----	-----	6	10	-----	-----	-----	-----	-----	-----	2	-----
200.0 cents and over	20	40	-----	-----	10	11	-----	-----	-----	1	-----	-----	3	6
Total	3,150	3,457	36	47	132	140	411	455	146	150	204	221	203	224
Average hourly earnings (in cents)	88.2	94.5	67.3	72.6	135.4	140.9	61.4	66.5	60.8	66.4	61.2	67.8	109.5	112.9

[3] Exclusive of premium overtime pay, but including piece-rate or other incentive earnings.

TABLE 2.—*Distribution of Philadelphia Knitted-Outerwear Workers Employed 6 Weeks or More in 1944 and 1945, by Straight-Time Hourly Earnings*—Continued

Classified hourly earnings	Number of workers in selected occupations													
	Menders		Merrow operators		Pressers		Singer operators		Special machine operators		Winders		Miscellaneous	
	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945
40.0 to 44.9 cents	----	1	2	----	1	----	3	2	3	----	----	----	42	5
45.0 to 49.9 cents	----	1	2	2	2	1	6	4	6	6	----	----	106	43
50.0 to 54.9 cents	5	3	12	9	1	12	11	9	22	22	2	2	100	170
55.0 to 59.9 cents	2	6	9	9	2	3	12	10	18	20	2	1	60	83
60.0 to 64.9 cents	11	10	25	23	5	1	14	17	25	19	6	7	57	60
65.0 to 69.9 cents	19	14	28	16	2	2	9	11	15	24	9	5	35	44
70.0 to 74.9 cents	13	14	25	26	3	1	25	15	20	24	20	16	36	51
75.0 to 79.9 cents	8	8	34	29	3	8	14	10	15	17	19	13	37	48
80.0 to 84.9 cents	4	8	32	30	13	3	17	15	20	23	8	15	25	37
85.0 to 89.9 cents	3	2	40	32	2	3	19	22	20	18	10	8	27	24
90.0 to 94.9 cents	5	4	44	26	2	2	15	11	22	26	12	8	14	18
95.0 to 99.9 cents	2	1	37	35	7	2	18	30	27	27	4	10	14	14
100.0 to 104.9 cents	1	2	45	33	2	5	19	20	11	20	2	4	7	19
105.0 to 109.9 cents	1	1	26	34	7	6	23	15	14	16	1	9	6	6
110.0 to 114.9 cents	----	2	34	26	9	9	17	13	13	21	2	2	4	12
115.0 to 119.9 cents	----	1	20	36	2	10	23	27	17	17	3	4	2	7
120.0 to 124.9 cents	2	3	17	25	5	9	21	18	8	15	1	1	5	12
125.0 to 129.9 cents	----	----	17	20	2	7	11	17	7	14	1	----	4	4
130.0 to 134.9 cents	----	1	10	17	5	8	10	11	7	12	----	----	1	4
135.0 to 139.9 cents	----	----	7	16	5	6	12	9	6	7	----	----	2	5
140.0 to 144.9 cents	----	----	11	10	1	1	9	5	4	10	----	----	----	1
145.0 to 149.9 cents	----	----	3	8	3	2	3	10	3	5	----	----	----	2
150.0 to 159.9 cents	----	1	5	12	11	8	8	11	8	10	----	----	----	6
160.0 to 169.9 cents	----	----	3	4	6	6	5	12	2	8	----	----	----	3
170.0 to 179.9 cents	----	----	3	8	3	5	1	5	2	2	----	----	1	1
180.0 to 189.9 cents	----	----	3	4	2	----	2	3	----	----	----	----	1	----
190.0 to 199.9 cents	----	----	----	1	3	2	2	1	----	2	----	----	----	----
200.0 cents and over	----	----	----	2	3	10	2	4	2	5	----	----	----	1
Total	76	83	494	493	112	132	331	337	317	390	102	105	586	680
Average hourly earnings (in cents)	71.8	75.4	97.6	105.8	126.2	139.5	103.0	110.9	95.2	100.2	81.6	87.6	65.3	76.6

Table 3 shows straight-time hourly and gross weekly earnings of workers with different periods of employment. Since individual productivity in this largely piece-rate industry determines earnings to a large extent, it is interesting to note that workers with the largest employment experience had higher hourly rates and higher weekly earnings than those with shorter employments.

TABLE 3.—*Straight-Time Hourly and Gross Weekly Earnings of Philadelphia Knitted Outerwear Workers with Specified Lengths of Employment, 1944 and 1945*

Length of employment	Number of workers		Average hourly earnings		Average gross weekly earnings	
	1944	1945	1944	1945	1944	1945
1 week or more	3,770	4,404	$0.878	$0.939	$35.17	$36.71
6 weeks or more	3,150	3,457	.882	.945	35.43	37.09
46 weeks or more	1,569	1,597	.933	.992	38.50	40.44

Annual Earnings

Annual earnings of workers employed for at least 46 weeks averaged $1,937 in 1944 and $2,031 in 1945 (see table 4). Although individuals' earnings varied between $600 and $4,200 in 1944, 85 percent of the workers were in the $1,000 to $3,200 class and 50 percent earned

between $1,000 and $2,000. In 1945 the distribution of workers changed only slightly: 83 percent fell between $1,000 and $3,200 and nearly 10 percent earned over $3,200. Pay-roll deductions for various purposes meant that net take-home pay was substantially less than gross earnings.

TABLE 4.—*Distribution of Philadelphia Knitted-Outerwear Workers Employed 46 Weeks or More in 1944 and 1945, by Annual Earnings*

Classified annual earnings	All workers		Number of workers in selected occupations											
			Brushers		Cutters		Examiners and trimmers		Finishers		Folders and packers		Knitters	
	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945
$600 to $799	15	15	1				3	2	2	8	3	1		
$800 to $999	92	99		4			30	26	13	32	16	8		
$1,000 to $1,199	168	144	1	3			44	46	17	11	17	14		
$1,200 to $1,399	179	172		1			33	25	13	10	17	16		1
$1,400 to $1,599	184	186	2	1			18	20	10	10	10	12		3
$1,600 to $1,799	183	182	1	3	1	2	21	21	7	1	3	4	1	3
$1,800 to $1,999	152	150		1			5	14		1	1	5	8	6
$2,000 to $2,199	111	138		2		1	2	1	1	1	1	4	16	10
$2,200 to $2,399	97	89		1	4	2	1	1			2	3	10	8
$2,400 to $2,599	91	76	1		6	5					1	1	21	15
$2,600 to $2,799	69	78			19	8					2	2	21	28
$2,800 to $2,999	66	69		1	11	22							24	12
$3,000 to $3,199	34	45	1	1	9	11							13	14
$3,200 to $3,399	25	41			9	8					1		8	13
$3,400 to $3,599	25	27		1	11	8						1	9	7
$3,600 to $3,799	27	22			11	9							7	6
$3,800 to $3,999	11	14			1	6							4	4
$4,000 to $4,199	22	12			9	5							8	5
$4,200 and over	18	38			6	14							8	13
Total	1,569	1,597	7	19	97	101	157	156	63	74	74	71	158	148
Average annual earnings (in dollars)	1,937	2,031	1,753	1,708	3,263	3,421	1,263	1,319	1,239	1,320	1,317	1,497	2,921	2,986

Classified annual earnings	Number of workers in selected occupations—Continued													
	Menders		Merrow operators		Pressers		Singer operators		Special machine operators		Winders		Miscellaneous	
	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945	1944	1945
$600 to $799							1			1			5	3
$800 to $999	2	2	3	2	2	1		1	5	3	2	2	19	18
$1,000 to $1,199	5	3	12	6		1	12	11	11	9	4	4	45	36
$1,200 to $1,399	15	16	18	21	3	3	11	11	17	15	7	10	45	43
$1,400 to $1,599	13	8	34	39	1	6	27	13	22	29	12	9	35	36
$1,600 to $1,799	9	14	55	49	5	2	14	20	28	33	12	5	26	25
$1,800 to $1,999	5	4	60	39	4	4	25	17	18	33	8	9	18	17
$2,000 to $2,199	1	2	30	46	4	4	20	22	23	21	3	3	10	21
$2,200 to $2,399	1	1	25	25	5	4	30	19	9	15	3	1	7	9
$2,400 to $2,599	1	1	28	21	6	5	11	12	12	11			4	5
$2,600 to $2,799	1		8	17	3		6	12	6	6			3	5
$2,800 to $2,999			9	12	6	7	7	8	8	5			1	2
$3,000 to $3,199			2	4	4	5	3	2	1	6			1	2
$3,200 to $3,399			2	4	2	9	1	3	2	3				1
$3,400 to $3,599				1	3	1	2	6		1				1
$3,600 to $3,799			2	1	2		3	1		1	1		1	4
$3,800 to $3,999				1	5	1			1					2
$4,000 to $4,199					3		1		1	1		1		
$4,200 and over					3	6	1	3						2
Total	53	51	288	288	61	59	175	161	164	193	52	44	220	232
Average annual earnings (in dollars)	1,518	1,561	1,937	1,996	2,753	3,062	2,014	2,123	1,887	1,932	1,642	1,778	1,466	1,662

Cutters, the highest paid group in the industry, averaged $3,263 in 1944 and $3,421 in 1945. Nearly 17 percent of the cutters earned over $3,800 in 1944 in contrast to 24 percent earning over that amount in 1945. Knitters and pressers ranked next, with average earnings of $2,921 and $2,753, respectively, in 1944 and $2,986 and $3,062 in 1945.

Finishers showed the lowest annual earnings ($1,239) in 1944, but they were replaced in that position by examiners and trimmers, who in 1945 earned $1,319 and $1,320, respectively. In both years, over 84 percent of the finishers earned between $800 and $1,600.

Wage Structure of the Structural Clay Products Industry, October 1945[1]

THE structural clay products industry, as a leading supplier of building materials to the construction industry, occupies an important place in the current period of housing shortage. Accordingly, the Bureau of Labor Statistics conducted a Nation-wide survey of wages in structural clay products establishments in October 1945, the results of which are summarized in this article.

Establishments primarily engaged in producing structural clay products, notably, brick and hollow tile, terra cotta, floor and wall tile, and sewer pipe were included in the survey.[2] Altogether field representatives of the Bureau visited 331 establishments with 23,679 workers—slightly more than half of the total number of establishments with 8 or more employees and more than half of the total employment in the industry. The establishments studied were selected to represent important factors bearing on wages, such as product, size of community, size of establishment, and unionization.

Industry Characteristics

Structural clay products are manufactured by shaping clay and heat-treating it to fuse its silicates and thus harden and strengthen the clay. The leading operations in the production of all types of structural clay products can be broadly classified as clay mining, clay preparation, shaping or forming, drying, heat treating or burning, and finishing.

Partly because of the nature of these operations, especially mining and drying, the industry tends to be seasonal. October, the month of the Bureau's wage study, is usually a period of relatively high production, only slightly below the midsummer peak. During the winter, cold, heavy rains, and snow make clay mining difficult in certain sections of the country and impede operations where clay is dried in the open air. In addition, some shipments by water, made because of the high ratio of freight cost to value of product, are some-

[1] This report was prepared by Joseph M. Sherman of the Bureau's Wage Analysis Branch. The field work was under the direction of the Bureau's Regional Wage Analysts. More detailed information on wages in the industry is available in a mimeographed report (Wage Structure, Structural Clay Products, October 1945).

[2] The scope of this study corresponds to that of industries 3251, 3252, 3253, 3254, 3255, and 3259 of the Standard Industrial Classification Manual (issued by the Bureau of the Budget).

times impeded by freezing weather. A further factor contributing to the seasonality of the industry is the decline of building activities in the winter. In recent years, however, reduced seasonality of the building industry and technical improvements, particularly increased utilization of steam drying, have made operation throughout the year possible even in northern areas.

The average plant in the industry employed less than 70 workers in October 1945, and four-sevenths of the establishments studied employed between 8 and 50 workers. Floor and wall tile establishments averaged about 160 workers each, sewer-pipe plants had about 90, and plants producing brick, hollow tile, and other products had only about 60 employees.

About three-tenths of the workers were employed in the Great Lakes region and one-fifth in the Middle Atlantic States in October 1945. However, the great weight and bulk, relative to value, of both the final product and the raw materials, make transportation a large part of total costs and result in location of plants in widely scattered communities. About a third of the plants, in October 1945, were in or around cities of at least 100,000 population; about a fifth were in cities of 25,000 to 100,000 and approximately two-fifths were in smaller communities. Two-thirds of the sewer-pipe plants were located in small communities although a majority of the plants in the other industry branches were in the larger cities.

The Labor Force

Of the approximately 41,500 workers in the industry in October 1945, about 10 percent produced sewer pipe, 7 percent made floor and wall tile, and the remaining 83 percent, other structural clay products. Women accounted for 45 percent of plant employment in floor and wall tile manufacture in which many of the tasks are comparatively light, but were seldom employed in the other branches of the industry in which work is relatively heavy. All branches of the industry use a high proportion of unskilled workers.

Half of the establishments, employing almost two-thirds of the workers in the industry, were unionized. In floor and wall tile manufacture the establishments tended to be relatively large, and four-fifths of the employees worked in unionized plants.[3]

Wage Structure

UNITED STATES AS A WHOLE

In October 1945, straight-time earnings of all plant workers[4] in the industry averaged 80 cents an hour, inclusive of incentive earnings but exclusive of premium pay for overtime, night work, and nonincentive bonuses (table 1). The average for workers manufacturing floor and wall tile (67 cents) was significantly below that for sewer pipe (77 cents) and for other structural clay products (81 cents).

[3] Establishments in which more than half of the workers were covered by a union agreement were classified as unionized.

[4] The over-all averages and distributions include all except administrative, executive, professional, and office employees. Occupational averages are shown for only a selected number of key jobs. The number of workers shown in the tables represents the approximate employment on all shifts in all establishments with 8 or more employees rather than employment in the plants actually surveyed.

Nearly half of the workers in floor and wall tile manufacture, three-tenths of those in sewer-pipe manufacture, and nearly one-fourth of those in the production of other structural clay products earned less than 65 cents an hour. One out of every four workers in all branches of the industry, considered as a unit, received less than 65 cents and less than one-fifth earned more than $1.00 an hour.

TABLE 1.—*Percentage Distribution by Straight-Time Average Hourly Earnings*[1] *of All Plant Workers in Structural Clay Products Industry, by Region, October 1945*

Average hourly earnings (in cents)[1]	United States	New England	Middle Atlantic	Border States	Southeast	Great Lakes	Middle West	Southwest	Mountain	Pacific
Under 40.0	0.2	.....	(2)	.....	0.5	(2)	.....	2.6	.....	.....
40.0–44.9	.8	.....	(2)	(2)	4.4	(2)	(2)	4.5	.....	(2)
45.0–49.9	2.0	0.2	0.2	0.7	11.3	0.1	0.8	8.7	.....	(2)
50.0–54.9	7.1	.6	.8	6.8	25.0	4.2	.6	41.7	0.2	0.1
55.0–59.9	5.9	.8	1.5	5.7	22.5	2.2	7.7	12.2	3.5	.4
60.0–64.9	9.6	6.2	4.4	7.5	13.7	9.4	23.1	9.9	5.2	.7
65.0–69.9	11.9	8.7	3.9	18.2	7.9	20.9	12.3	5.5	7.1	.3
70.0–74.9	11.0	6.4	19.3	11.7	2.6	11.8	8.2	1.8	15.8	5.9
75.0–79.9	9.5	14.6	11.8	7.7	2.3	10.5	11.7	4.4	21.8	8.7
80.0–84.9	8.5	14.1	11.0	11.3	2.0	7.6	7.7	3.0	6.1	16.9
85.0–89.9	6.5	18.1	8.7	4.1	1.1	4.9	7.8	1.7	12.4	17.6
90.0–94.9	5.0	10.6	6.4	3.7	1.5	4.3	4.2	.7	14.9	13.3
95.0–99.9	4.0	6.2	4.7	3.2	1.9	4.3	3.8	.8	2.3	7.9
100.0–104.9	4.2	8.1	5.6	3.8	.8	4.7	4.2	1.4	3.3	6.3
105.0–109.9	3.0	1.2	4.0	2.0	.5	3.9	1.7	.2	2.6	6.0
110.0–114.9	2.1	1.2	3.4	1.7	.7	2.4	1.5	.1	1.7	2.9
115.0–119.9	1.8	.2	2.2	2.7	.3	2.1	1.6	.1	.4	2.9
120.0–124.9	1.4	.4	2.7	2.1	.1	1.1	1.6	.1	.4	1.1
125.0–129.9	1.1	.4	1.9	1.0	.3	1.0	.5	.3	1.1	2.8
130.0–134.9	1.0	.6	1.9	1.9	.1	.8	.5	.....	.4	.6
135.0–139.9	.8	.2	1.4	2.3	.1	.6	.2	.....	.2	.6
140.0–144.9	.5	.....	.8	.6	.4	.6	.1	.....	.....	1.2
145.0–149.9	.4	.....	.7	.3	(2)	.4	.1	.....	.1	.5
150.0–159.9	.7	.6	1.4	.5	(2)	.7	.1	.1	.2	1.1
160.0–169.9	.3	.2	.6	.2	.....	.5	(2)	.1	.1	.4
170.0–179.9	.3	.2	.4	.2	.....	.4	(2)	.....	.1	1.1
180.0–189.9	.2	.2	.1	.....	(2)	.4	.....	.1	.1	.3
190.0–199.9	.1	.....	.1	.....	.....	.1	.....	.....	.....	.2
200.0 and over	.1	.....	.1	.1	(2)	.1	.....	.....	.....	.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total number of workers	39,465	483	8,501	4,371	4,944	11,816	4,491	1,591	820	2,448
Average hourly earnings[1]	$0.80	$0.84	$0.90	$0.81	$0.60	$0.82	$0.77	$0.57	$0.82	$0.93

[1] Excluding premium pay for overtime and night work.
[2] Less than a twentieth of 1 percent.

VARIATIONS BY SEX

Men plant workers earned about one-third more than women, 81 cents as against 60 cents an hour. Only 20 percent of the men, but 70 percent of the women, earned less than 65 cents; at the upper end of the wage scale, only 1 out of 50 women, compared with 1 out of 5 men, earned at least $1.00 an hour.

The differences in average hourly earnings of men and women do not refer to differences in pay for the same type of work. Indeed, most of the women were employed in the manufacture of floor and wall tile. Furthermore, the work of men was so different from that of women within each of the industry branches, that it was not possible to compare earnings of men and women in comparable plant jobs.

For key jobs in which men were employed,[5] earnings ranged from 65 cents an hour for watchmen to $1.08 for hand molders. The respective hourly earnings of men in three of the most important jobs—kiln setters, hand truckers of burnt ware, and off-bearers—were 87, 95, and 81 cents (table 2).

TABLE 2.—*Average Straight-Time Hourly Earnings*[1] *for Selected Occupations in Structural Clay Products Establishments, by Industry Branch, October 1945*

Occupation and sex	All branches		Sewer pipe		Floor and wall tile		Other	
	Number of workers	Average hourly rates	Number of workers	Average hourly rates	Number of workers	Average hourly rates	Number of workers	Average hourly rates
Men								
Bricklayers, refractory brick	289	$1.05	53	$0.94	2	(2)	234	$1.07
Carpenters, maintenance	178	.90	26	.83	6	(2)	146	.91
Die pressers	363	.88	-------	-------	68	$0.77	295	.91
Dry-pan operators	557	.74	63	.67	8	(2)	486	.75
Electricians, maintenance	106	1.00	6	(2)	8	(2)	92	.99
Grinders, clay	480	.73	37	.67	22	.67	421	.74
Grinder helpers, clay	441	.68	35	.68	13	(2)	393	.68
Inspectors	214	.80	15	(2)	5	(2)	194	.81
Janitors	301	.66	9	(2)	15	(2)	277	.66
Kiln drawers (periodic kiln)	229	.88	147	.89	10	(2)	72	.92
Kiln firemen (periodic kiln)	2,139	.74	248	.69	10	(2)	1,881	.75
Kiln firemen (tunnel kiln)	375	.84	8	(2)	43	.86	324	.84
Kiln placers (tunnel kiln)	181	.92	-------	-------	61	.80	120	.98
Kiln setters, brick (periodic kiln)	2,252	.87	194	.83	-------	-------	2,058	.88
Kiln unloaders (tunnel kiln)	128	.77	-------	-------	48	.72	80	.79
Maintenance men, general utility	697	.86	36	.83	46	.90	615	.86
Mold makers, metal	48	1.07	-------	-------	-------	-------	48	1.07
Mold makers, wood	135	.97	1	(2)	-------	-------	134	.97
Molders, hand	1,130	1.08	84	.96	-------	-------	1,046	1.09
Molding machine operators	433	.92	-------	-------	-------	-------	433	.92
Off-bearers	2,616	.81	170	.65	60	.68	2,386	.82
Pick miners	654	1.03	22	.53	3	(2)	629	1.05
Pipe turners	116	.73	111	.72	-------	-------	5	(2)
Power shovel operators	336	.92	3	(2)	-------	-------	333	.92
Pressmen, automatic	124	.82	75	.84	34	.77	15	(2)
Stock clerks	81	.67	2	(2)	15	(2)	64	.66
Trimmers	94	.72	86	.71	-------	-------	8	(2)
Truck drivers	766	.75	114	.74	9	(2)	643	.76
Truckers, hand (other, including ware movers)	882	.68	129	.64	48	.65	705	.69
Truckers, hand (wheelers, burnt ware)	2,733	.95	198	.90	-------	-------	2,535	.96
Truckers, hand (wheelers, green ware)	1,188	.82	218	.80	-------	-------	970	.83
Truckers, power (other)	203	.81	12	(2)	-------	-------	191	.82
Truckers, power (transfer men)	464	.71	12	(2)	2	(2)	450	.71
Watchmen	288	.65	38	.63	32	.66	218	.66
Wet-pan operators	360	.82	58	.71	-------	-------	302	.84
Working foremen, processing departments	679	.90	51	.89	20	.93	608	.90
Women								
Finishers	115	.57	-------	-------	104	.57	11	(2)
Pattern mounters	209	.58	-------	-------	209	.58	-------	-------
Sorters	142	.55	-------	-------	142	.55	-------	-------
Tile placers	91	.56	-------	-------	91	.56	-------	-------

[1] Excluding premium pay for overtime and night work.
[2] Insufficient number of workers to justify presentation of an average.

Workers in skilled jobs averaged between 85 cents and $1.10 an hour. Only in the manufacture of structural clay products, except sewer pipe and floor and wall tile, were there key jobs with average earnings

[5] In this report the terms "occupation" and "job" refer to the occupational classifications used by the Bureau for wage study purposes, although many of these occupational classifications are not occupations in the strict sense of the term. Copies of the job descriptions used in the survey are available on request.

above $1.00; hand molders had the highest average, $1.09. For comparable work, rates in this branch were generally higher than in the other two branches of the industry; the difference ranged from less than 5 to over 25 percent. Too few jobs were common to both floor and wall tile and sewer-pipe manufacture to permit comparisons.

REGIONAL DIFFERENCES

Average hourly earnings varied from 57 cents in the Southwest and 60 cents in the Southeast to a maximum of 95 cents in the Pacific Coast States. One percent of the plant labor force in the Pacific region earned less than 65 cents an hour, in contrast with nearly four-fifths in the Southeast and Southwest.

Regional variations in occupational earnings were similar to those evidenced by the over-all averages although the extent of difference varied from job to job. For half of the jobs the wage spread between the lowest and the highest region was between 33 and 56 percent. Maintenance and other skilled jobs showed distinctly smaller regional variations in earnings than other plant jobs. For some of the less skilled jobs (including hand truckers and periodic kiln firemen) the regional differences amounted to more than 60 percent.

VARIATION OF OCCUPATIONAL WAGE RATES WITH SIZE OF ESTABLISHMENT, SIZE OF COMMUNITY, UNIONIZATION, AND METHOD OF WAGE PAYMENT

Differences in size, location, union status, and method of wage payment often account for variations in wage levels among establishments in the same industry. However, it is rarely possible to isolate each of these factors and to measure precisely their influence on wages, since they are interrelated. In the structural clay products industry, for example, the average union plant in October 1945 was almost twice the size of the average nonunion plant and used the incentive system of wage payment more extensively than the smaller nonunion establishments. As indicated previously, type of product was also interrelated with size of plant, unionization, and location.

Size of establishment.—Earnings averaged about one-fifth more in establishments with more than 50 workers than in the smaller establishments. This advantage, although reported in almost every occupation, varied widely by region. The greatest difference between the two groups of plants—over two-fifths—was found in the Border region, whereas the Southwest reported a negligible difference. The advantage in favor of large establishments was smaller for maintenance than for other employees.

Size of community.[6]—There was no consistent tendency for wage rates to be higher in wage areas of 100,000 or more than in smaller communities; differentials varied from about 20 percent in favor of the largest cities in the Southeast to about 20 percent in favor of the smallest cities in the Border States. For the small group of maintenance workers in the industry, rates in the largest cities averaged about one-fifth more than in the smallest communities.

Unionization.[7]—Pay levels in union establishments were on the

[6] In the analysis by size of community, establishments have been classified according to the size of the largest city in the wage area in the case of areas built around cities of 100,000 or more, and according to the largest city in the county in other cases.

[7] Establishments are classified as union if more than half of the workers were employed under terms of a union agreement.

average more than a fifth higher than those in nonunion plants. In only four of the occupations studied, employing about 3 percent of the workers in all key jobs, workers in nonunion plants averaged more; even in these cases the advantage within individual regions was frequently with union workers.

The difference between the two types of plants was substantially smaller for maintenance workers in the industry. Considering all types of work, the average differential in favor of union plants in the more important regions in the industry ranged from about a tenth in the Middle Atlantic and Middle West to about a fourth in the Border States. Union plants in the Southeast and Great Lakes had a wage advantage of about one-sixth over the nonunion rates in these regions.

Method of wage payment.—Workers in comparable jobs, paid according to individual or group output, averaged about two-fifths more than workers paid on a time basis. The advantage to incentive workers, who were relatively important in the industry, ranged from about 50 percent in the Border and Middle Atlantic States to about 25 percent in the Great Lakes and Southeast.[8]

WAGE-RATE CHANGES SINCE OCTOBER 1945

Since October 1945, the date of the Bureau's survey, the structural clay products industry, like other industries, partook substantially in the general postwar upward movement of hourly rates. Information available on general wage changes indicates that 10 cent, 15 cent, and 20 cent increases were most frequent, although they ranged from 5 cents per hour to over 25 cents in individual establishments.

Wage and Related Practices

Although wage rates are commonly considered the most important aspect of an industry's wage structure, there has been a growing interest in methods of wage determination, working conditions, and supplementary-pay practices. The status of these factors in the structural clay products industry in October 1945 is summarized below.

Nearly four-fifths of the establishments making structural clay products had a written or other generally recognized pay plan for experienced plant workers and all but a tenth provided a single rate for a job rather than a range of rates that increased with merit and seniority. Workers in the remaining fifth of the industry were compensated on a more informal basis; all but 2 of the 71 plants in this group were nonunion.

More than a third of the establishments had incentive systems of wage payment, under which earnings of at least a fourth of their plant workers were directly related to individual or group output. Altogether, about a fourth of all plant workers in the industry were paid in this manner, but the proportion was only 1 percent of the plant force in New England as against about 35 percent in the Middle Atlantic and Middle West. In the floor and wall tile branch of the industry, only one-seventh of the plant's labor force worked under incentive plans.

Because of the great demand for building materials, coupled with shortages of manpower in the industry, a workweek of 48 hours or

[8] The comparison is limited to jobs in which both time and incentive pay were important.

more was reported for men by three-fifths and for women by about half of the establishments. Only in the Border and Southeast regions did the majority of plants report shorter schedules. These normal schedules for full-time first-shift workers may be longer or shorter than hours actually worked because of absenteeism, equipment break-down, special orders, or other short-term emergencies. In addition, the schedules frequently differ from the workweek beyond which premium overtime is paid.

Although half of the establishments had late shifts, second-shift employment amounted to 8 percent and third-shift employment to about 3 percent of first-shift employment. In many establishments, it is probable that only kiln workers (in addition to watchmen and custodial workers) were employed on late shifts. The regional disparity in shift operations, varying from 2-percent employment on late shifts in New England to 18 and 23 percent, respectively, in the Mountain States and Middle West, is probably a reflection of regional differences in labor scarcity. Of the establishments reporting workers on extra shifts, about a fourth paid a differential; for second-shift workers 4 or 5 cents was the usual addition to the first-shift rate, and for other late shifts it was 5 or 10 cents.

Bonuses based on factors other than individual or group output were paid to plant and office workers by one-fourth of the establishments studied. Such bonuses, usually paid at Christmas time, added only about three-tenths of 1 cent to hourly earnings when averaged over all plant workers in the industry.

Formal sick-leave plans were practically nonexistent in the industry, but formal provisions for vacation with pay were frequently reported.[9] Vacations, typically 1 week in length for plant workers, were granted by more than two-fifths of all establishments, including three-fourths of those in the Great Lakes and Pacific regions, contrasted with only 5 percent of the plants in the Southwest. Office workers were treated more generously: 70 percent of the establishments with office employees granted them vacations with pay and two-thirds of the plans provided 2 weeks of leave.

More than a fourth of the establishments reported that their plant workers were covered by one or more types of insurance plans, paid for at least in part by the employer. Office workers in a third of the establishments were similarly protected. Such plans most commonly provided for life and/or health insurance. Pension plans were comparatively unimportant.

[9] The data on paid vacations and paid sick leave refer only to definite provisions for such leave and exclude informal arrangements that may exist in some plants.

Prison Industry

Production of Federal Prison Industries, 1944–45[1]

FIFTY industries were in operation in 20 different Federal prisons during the year ended June 30, 1945. The number of prisoners employed was 3,600, which represented about 21 percent of the total inmates of these institutions. Goods produced were sold almost entirely to other Government departments and agencies at not more than current market values. In the choice of industries to be introduced into prisons (see table), factors taken into account were the provision of vocational training for the inmates and, at the same time, avoidance of subjecting any single private industry to an undue burden of competition.

Income Statement of Federal Prison Industries, Fiscal Year Ended June 30, 1945

Industry	Net sales	Costs and expenses	Net income (or loss) from operations		Average number of inmates in industry
			Amount	Percent of total net sales	
Total (gross)	$17,502,320	$14,641,292	$2,861,028	16.3	3,618
Interindustry sales	1,221,934	1,221,934			
Total (net)	16,280,386	13,419,358	2,861,028	17.6	3,618
Specified industries	17,381,645	14,522,098	2,859,547	16.5	3,486
Textile mills	4,537,878	3,963,683	574,195	12.7	592
Shoe and shoe repairs	3,055,890	2,772,217	283,673	9.3	463
Brushes	1,911,673	1,527,033	384,640	20.1	177
Metal furniture and metal specialties	1,483,020	1,060,297	422,723	28.5	384
Canvas goods	1,148,835	945,950	202,885	17.7	108
Fiber and wood furniture	1,069,674	942,804	126,870	11.9	357
Brooms	745,665	563,384	182,281	24.4	110
Canneries	731,766	647,337	84,429	11.5	208
Clothing	718,682	577,800	140,882	19.6	362
Mattresses	586,959	521,859	65,100	11.1	32
Cargo nets	368,406	75,473	292,933	79.5	138
Gloves and parachutes	320,813	277,048	43,765	13.6	128
Orcharding	311,172	355,921	[1] 44,749	[1] 14.4	203
Laundries and renovating	264,501	192,066	72,435	27.4	179
Printing	126,711	99,226	27,485	21.7	45
Other industries	120,675	119,194	1,481	1.2	132

[1] Net loss.

According to the financial returns, Federal Prison Industries, Inc., which administers the program, had one of its best years in 1944–45. Net sales amounted to $16,280,386 and net operating income was $2,861,028. However, net income from prison production is not

[1] Information is from Audit Report of Federal Prison Industries, Inc., 1945, Washington, 79th Cong., 2d sess. (House Document No. 567).

comparable with a commercial profit because only nominal wages are paid to prisoners and certain normal business costs are not reflected in the corporation's accounts. In practice, the net income from prison industries may be regarded as recovery of a portion of costs of operating the Federal prisons.

All inmates employed were paid wages for their work except those in four industries "in which the production was relatively minor in amount and of a primarily vocational nature rather than industrial." Four established wage-rate groups predominated—6, 9, 12, or 15 cents an hour. Time and a half was paid for overtime in excess of 40 hours a week. Total monthly compensation may not exceed $50 in any individual case, under the corporation's ruling. Inmates employed in prison industry are granted reductions in sentences, in addition to the usual commutation of sentence for good conduct.

Labor-Management Disputes

Collective-Bargaining Developments During July 1946

Unions Withhold Strike Action and Urge Effective Price Control

ON THE whole, organized labor and employers maintained an even keel in their bargaining relationships during the period between the expiration of the Emergency Price Control Act of 1942 at the end of June and the enactment of a modified OPA extension law which became effective July 25, 1946. President Truman's veto on June 28 of the extended price control legislation first proposed by Congress, and his insistence upon a measure which, in his opinion, would exert a more stabilizing influence on living costs met with the widespread approval of the AFL and CIO. Both organizations had strongly urged the preservation of the purchasing power of the wage earner's dollar.

Voicing concern over possible strikes in protest of uncontrolled increases in prices pending the formulation of the Government's revised stabilization policy, the Secretary of Labor, on July 1, cautioned labor unions and employers to "exercise restraint." Mr. Schwellenbach added that "as a practical matter it is now impossible for either management or labor to attempt to negotiate wage agreements if such agreements contemplate a relationship with the cost of living . . . If both management and labor avoid hasty action in this period, national policies can be worked out which will produce an adequate measure of stabilization." William Green, president of the AFL, took a generally similar attitude in a message to all AFL members, stating that "for their own safety, the wage earners of the United States should exercise self-discipline and good judgment, and refrain from taking ill-considered and unwise action pending action by Congress. Labor will then be in a position to demand cooperation for holding prices and especially rent levels. Wage earners can best stabilize their wage dollars by helping to increase volume of production, which can wipe out scarcities and the danger of run-away inflation."

The CIO Executive Board, meeting in mid-July, urged President Truman to call an immediate conference of labor and industry representatives, through which a program for "a stabilized national economy could be achieved." Philip Murray, president of the CIO, also indicated that if such a conference showed a genuine desire to tackle the inflationary problem, the unions, in turn, might consider the granting of a no-strike pledge to show their good faith and willingness to cooperate. In regard to existing CIO agreements, Mr. Murray stated: "We expect to respect our contract commitments."

As debate on a revised price control bill continued in Congress, "buyers' strikes," accompanied in some instances by picketing of stores, occurred throughout the Nation. Many of these were sponsored by AFL or CIO affiliated unions, and were supported by organizations of veterans and other civic groups. Mass meetings and demonstrations urging renewal of OPA were held in Detroit, Cleveland, Chicago, New York, and other cities.

President Truman's approval "with reluctance" of the revised OPA measure on July 25 brought forth varying reactions from organized labor. Mr. Green declared the AFL was "deeply disappointed by the inadequate new price control law," and stated that it "is rigged to force higher prices . . . and is bound to increase the cost of living." Mr. Green warned further that unless industry and business exercised more self-control than they had to date and voluntarily held the line on prices "unrest will spread and a new strike wave may hit the Nation." The CIO stated that the OPA extension law "has much of the shadow and little of the substance of a genuine price control measure." Indications were, however, that the organization's approach to wage-price issues during the next few months would be concentrated upon efforts to hold down prices through support of the OPA and by means of buyers' strikes, rather than by launching a major campaign for higher wages.

Commission to Study Shipping Controversy

Maritime workers belonging to the Seafarers International Union (AFL) and its affiliated Sailors' Union of the Pacific, after picketing piers in New York City and other Atlantic ports for 5 days in protest against what they termed "raiding" by CIO unions on the West Coast, voted on July 14 to suspend further action and to accept the U. S. Department of Labor's offer to help settle the dispute. The picketing, which tied up more than a dozen ships by preventing AFL longshoremen from loading and unloading vessels manned by CIO crews, was an outgrowth of a reported refusal of West Coast CIO longshoremen to load the steamship "Mello Franco" at Coos Bay, Oreg., as long as the Sailors' Union of the Pacific crew remained aboard.

Asserting that "raiding our ships must stop," the SIU port agent, who is also chairman of the AFL Maritime Council of Greater New York, indicated that AFL workers would refuse to handle the cargo of CIO-manned ships unless the International Longshoremen's and Warehousemen's Union (CIO) withdrew its boycott against AFL-manned ships on the West Coast. While National Maritime Union (CIO) crews remained on board the picketed vessels, members of the Marine Cook and Stewards' Association (CIO) and of the independent Marine Firemen, Oilers, Watertenders, and Wipers of the Pacific Coast in some cases walked off the ships. William Green, AFL president, in supporting the action of the Seafarers' International Union, announced that representatives of all AFL maritime unions would be convened in August to formulate plans for a National Maritime Council.

The Department of Labor's proposal to mediate the Pacific Coast dispute was accepted by the SIU after the tie-up threatened to spread

along the entire East and Gulf coasts. Nathan P. Feinsinger, former public member of the National War Labor Board, was named as special representative of the Department of Labor, and arranged for the appointment by the Secretary of Labor of a three-man commission to investigate the dispute at Coos Bay, Oreg., where it originated. The three men appointed to this commission were Hubert Wyckof, formerly director of the Division of Labor Relations for the War Shipping Administration; Frank L. Kidner of the economics department, University of California; and Benjamin Aaron, former executive director of the National War Labor Board.

Macy's Strike in New York Settled

Picketing stopped at stores and warehouses of R. H. Macy & Co. on Saturday, July 20, as a settlement was reached in the 10-day dispute which followed the transfer of Macy's delivery operations, including drivers and helpers, to the United Parcel Service, Inc. Although Macy's deliverymen, members of the CIO United Retail, Wholesale and Department Store Employees' Union, were transferred to their new employer's pay roll with the verbal guaranty that they would lose no benefits previously enjoyed, they protested the necessity of joining local 804 of the International Brotherhood of Teamsters (AFL) which has a closed-shop contract with United Parcel Service. The CIO union claimed that the transfer was a violation of its agreement with Macy's, which specified that "this contract is binding upon this union and R. H. Macy & Co., its successors and assignees." During the 10-day stoppage, the majority of the sales employees refused to cross the picket lines, and on several occasions there was mass picketing by about 4,000 employees around the Herald Square store.

The dispute was settled when Macy's agreed to extend to the transferred deliverymen vacations, pension benefits, severance pay, and other benefits regularly provided for its store employees, as well as any general wage increases which might be agreed upon when the company's contract with the CIO union is renegotiated. In addition, the store agreed to continue to defray the cost of any differences in wage, overtime, and other differentials between the AFL and CIO union agreements until February 1, 1948, the termination date of the CIO store contract. Arrangements were also made to establish a separate seniority roster for the transferred deliverymen. The CIO and AFL local unions agreed that the deliverymen would join, as a group, local 804 of the Teamsters, and that a joint 10-man council would be established to consider the common problems of the two groups of deliverymen. A 10-year job security program for former Macy drivers and helpers, based on the volume of Macy business, was also agreed upon.

Work Stoppages in June and in First 6 Months of 1946

IDLENESS due to labor-management disputes in June dropped to a postwar low. Strike idleness decreased each month, from the high point of 21.5 million man-days in February to 3.8 million in June.

With the termination of the anthracite strike June 7, the national economy, for the first time since September 1945, was free from any stoppages involving relatively large numbers of workers.

About 350 new stoppages began in June in which an estimated 150,000 workers participated. These stoppages, together with an estimated 350 disputes continued from earlier months, made a total of 700 in effect at some time during June, with about 410,000 workers involved, as compared with 715 stoppages in effect, and 1,165,000 workers involved during May.

Although there were fewer stoppages in the first 6 months of 1946 than in the comparable periods of 1945 and 1944, more than twice as many workers took part. Idleness during this postwar readjustment period reached an all-time high (85,500,000 man-days), or more than double that for any full year on record.

TABLE 1.—*Work Stoppages in June 1946 with Comparable Figures for Earlier Periods*

Period	Work stoppages beginning in the period		Man-days idle during period (all stoppages)	
	Number	Workers involved	Number	Percent of available working time
June 1946 [1]	350	150,000	3,800,000	0.65
May 1946 [1]	360	560,000	11,500,000	1.81
June 1945	482	331,600	1,886,000	.25
January-June:				
1946 [1]	2,145	2,945,000	85,500,000	2.39
1945	2,241	1,324,400	6,939,000	.15
1944	2,539	1,023,700	4,394,000	.09
1935-39 average	1,534	638,669	9,412,898	

[1] Preliminary estimates.

Activities of the United States Conciliation Service, June 1946

There were 1,365 assignments made to labor disputes, including arbitration and technical services, during June, as compared with 1,671 assignments in May and 2,373 in June a year ago. This represents an 18-percent decrease in case assignments over last month; while the number of assignments in June 1946 was 42.5 percent lower than that of June 1945.

During the month of June 1946, the United States Conciliation Service disposed of 1,601 situations in comparison with 2,363 during the sixth month of 1945. Of the 1,601 situations disposed of, 19 percent were strikes and lock-outs; 41 percent were threatened strikes; 27 percent were controversies; 5 percent were arbitration cases; 6 percent were investigations, elections, and special services.

According to June records, 313 strikes and lock-outs were settled by conciliation; one of these cases was a lock-out. The records show that 658 situations were threatened strikes and 437 were controversies in which the employer, employees, and other interested parties asked for the assignment of a Commissioner of Conciliation to assist in the adjustment of disputes. The remaining 193 situations include 82 arbitrations, 7 technical services, 33 investigations, and 71 requests for information, consultations, and special services.

TABLE 2.—*Cases Closed by the U. S. Conciliation Service in June 1946, by Type of Situation and Type of Disposition*

Method of handling	Total	Strikes and lock-outs	Threatened strikes	Controversies	Other situations
All methods	1,601	313	658	437	193
Settled by conciliation	1,408	313	658	437	
Decisions rendered in arbitration	82				82
Technical services	7				7
Investigations, special services	104				104

Decline of Unfair Labor Practices as Cause of Industrial Disputes

UNFAIR labor practices have declined as a cause of industrial disputes in the United States since the National Labor Relations Board began operation in 1935, according to summary data for the 10-year period ending June 30, 1945, included in its tenth annual report. Elimination of unfair labor practices which interfered with sound collective bargaining between employers and workers is regarded by the Board as its most important contribution to the national welfare during the war.

Employees' choice of bargaining agents has taken the place of unfair labor practices as the chief cause of disputes in cases filed with the Board. This shift in the relative proportions of representation cases and unfair labor practice cases indicates, the Board states, its progress toward achieving the objective of orderly employer-employee relationships, and also growing acceptance of the principles of collective bargaining underlying the National Labor Relations Act. The accompanying table shows the number of unfair labor practice and representation cases filed with the Board, and the percentage each formed of the total number of cases filed, in the fiscal years ending June 30, 1936 to 1945.

Cases Filed With National Labor Relations Board, Fiscal Years 1936–45

Fiscal year ending June 30—	Number of cases			Percent of total	
	Total	Unfair labor practice cases	Representation cases	Unfair labor practice cases	Representation cases
1936 to 1945	77,231	37,306	39,925	48.3	51.7
1936	1,068	865	203	81.0	19.0
1937	4,068	2,895	1,173	71.2	28.8
1938	10,430	6,807	3,623	65.3	34.7
1939	6,904	4,618	2,286	66.9	33.1
1940	6,177	3,934	2,243	63.7	36.3
1941	9,151	4,817	4,334	52.6	47.4
1942	10,977	4,967	6,010	45.2	54.8
1943	9,543	3,403	6,140	35.7	64.3
1944	9,176	2,573	6,603	28.0	72.0
1945	9,737	2,427	7,310	24.9	75.1

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Settlement of Industrial Disputes in Seven Foreign Countries [1]

THE British and Scandinavian countries have had long experience with collective bargaining between organized workers and organized employers. Governmental machinery for the conciliation and arbitration of labor-management disputes is provided in the seven countries covered by this report, but wide variation exists in the kind of machinery and the extent to which its use is compulsory.

In the settlement of disputes arising over the negotiation of agreements, Great Britain, Canada, Denmark, Norway, and Sweden have relied mainly on conciliation; and Australia and New Zealand on compulsory arbitration. Disputes arising from the interpretation of agreements have been subject to arbitration in Scandinavia. The prohibition of strikes and lock-outs and legislative requirements for the arbitration of disputes without interruption of work have not prevented stoppages of varying degrees of severity. The seriousness of the strikes has been determined by economic conditions rather than by legislation.

Private negotiations between employers and unions, supplemented by conciliation and mediation, have been the backbone of smooth industrial relations in the countries covered. Even in wartime, half or more of the disputes in which stoppages occurred were settled by direct negotiation between the parties in Great Britain, Australia, and New Zealand, and a small proportion of the stoppages were settled with the aid of governmental machinery, including compulsory arbitration. (In interpreting these figures, it must be remembered, however, that the governmental machinery was of considerable importance in settling disputes before they reached the stoppage stage.) In Canada, the wartime settlements by direct negotiation totaled one out of every four (which compares with one out of every three in the United States) and, as in the United States, almost half were settled with the assistance of Government agencies. Comparable statistics are not available for the Scandinavian countries.

Experience with compulsory arbitration in Great Britain is limited to the years 1914–18 and since 1940; the wartime system is to continue for 5 years. Wartime labor controls in Great Britain were balanced by requiring the employer to observe union working conditions, and by controls over prices and rationing. The latter controls are also being retained.

In the Scandinavian countries, disputes over the interpretation of contracts are subject to the jurisdiction of regularly constituted labor courts. Compulsory arbitration of issues involved in the negotiation of agreements has been applied for limited periods of time, to particular disputes, or to specified occupations.

Australia and New Zealand have had compulsory arbitration systems for more than 40 years. The arbitration of disputes by the Government has resulted in the fixing of wages and working conditions for most workers by the arbitration courts.

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[1] Prepared by Jean A. Flexner, Laila O. Nilsen, and Mary B. Cheney, under the direction of Faith M. Williams, Chief of the Bureau's Foreign Labor Conditions Staff, on the basis of Government and other publications of the countries covered and reports from Foreign Service officers of the United States.

Great Britain

CONCILIATION AND VOLUNTARY MACHINERY

Great Britain has a long tradition of settling labor-management disputes by voluntary methods and, except in periods of national emergency, has avoided compulsory arbitration. Between World Wars I and II, the industrial-relations machinery developed along the lines recommended by the Whitley Committee on Relations Between Employers and Employed (1916–18). These recommendations included: (1) Formation in well-organized industries of joint industrial councils; (2) appointment of works committees in individual establishments, representing management and workers; (3) statutory wage-regulating bodies in badly organized industries; (4) a permanent court of arbitration; (5) authorization of the Minister of Labor to hold inquiries regarding specific disputes; (6) continuation as far as possible of the existing system whereby industries make their own agreements and settle their differences themselves.

The Government has assisted in the settlement of disputes by providing conciliators, or by appointing an informal committee of investigation (under the Conciliation Act of 1896), or by establishing a more formal court of inquiry (under the Industrial Courts Act of 1919) to report to the public and to Parliament upon the facts and to recommend terms of settlement to the parties concerned. An act of 1919 set up an Industrial Court (comparable to the labor courts in Scandianavian and other countries) to which cases may be referred voluntarily by the parties. Members are named from panels of independent persons, and representatives of employers and employees, with an independent chairman. The court has acted as final referee on wage and other matters in certain industries which are subject to Government regulation or assistance—sugar, road haulage, air navigation, films, bacon—and to this extent only, arbitration has been compulsory in Great Britain in normal times.

Most disputes in Britain are settled without work stoppages, often with the aid of the institutions mentioned. Conciliation has been more frequent than action by the Industrial Court or other arbitral bodies. Conciliation and arbitration have, however, settled fewer disputes where stoppages have occurred, than negotiations between the parties. The proportion settled by these methods did not change materially between 1934–38 and 1939–44, as is shown in table 1, based on official figures for the United Kingdom.

TABLE 1.—*United Kingdom: Workpeople Directly Involved in Industrial Disputes by Method of Settlement, Prewar and War Periods*

Method of settlement	Workpeople directly involved			
	1934 to 1938		1939 to 1944	
	Number	Percent	Number	Percent
Direct negotiation	690,100	58.6	1,283,300	56.1
Returned on employers' terms without negotiation	360,400	30.6	755,700	33.0
Conciliation	84,400	7.2	111,600	4.9
Arbitration	16,200	1.4	52,000	2.3
Otherwise	27,000	2.2	83,900	3.7
Total	1,178,100	100.0	2,286,500	100.0

Joint machinery of many different types for the determination of wages and settlement of industrial disputes has grown up over a long period of time in individual industries, occupations, and localities. Joint industrial councils (recommended by the Whitley Committee previously mentioned) are composed of representatives of employers' associations and trade-unions. They are national or sometimes district bodies which have engaged in widely varying functions. Many joint councils regularly negotiate collective agreements and handle disputes concerning wages, hours, and terms of employment. In the railroad, coal-mining, pottery, boot and shoe, and printing industries, such matters are handled by separate negotiating bodies. In the less well-organized industries, special bodies for the settlement of wages and hours have been created by law.

WARTIME REGULATION OF INDUSTRIAL RELATIONS

Great Britain entered World War II with a law which prohibited certain types of strikes and lock-outs—the Trade Disputes and Trade Unions Act of 1927. The act (passed after the general strike of 1926) prohibited sympathetic strikes and lock-outs and those that concerned issues other than wages, hours, or employment. It was repealed in 1946.

Further controls over work stoppages were adopted during the war after full consultation with organized labor and employers, and were tightened as the war situation became more urgent. The trade-unions gave and adhered to a no-strike pledge. They assumed a ful measure of responsibility for governmental measures affecting labor (Ernest Bevin, former President of the Trades Union Congress, became Minister of Labor and National Service) and in return obtained certain guaranties concerning conditions of employment. Controls over retail prices of the most necessary items in the workers' budget, rationing and distribution of supplies in such a manner as to preclude the development of serious black markets, and the absence of a rigid national wage policy, all helped to maintain industrial peace. However, unauthorized strikes, mostly of short duration, occurred throughout the war period.

When the fall of France seemed imminent (May 1940), the Government was empowered to draft labor for necessary national service, and the Minister of Labor and National Service was empowered to prohibit strikes and lock-outs for the duration and to take emergency measures for the settlement of disputes. On July 25, 1940, the Minister issued the Conditions of Employment and National Arbitration Order which (1) preserved existing joint negotiating machinery; (2) created a National Arbitration Tribunal to render binding decisions on disputes referred by the Minister of Labor and National Service; (3) prohibited strikes and lock-outs, unless disputes had not been referred by the Minister to the Tribunal within 3 weeks of the date on which the matter was reported to him; (4) required employers to observe terms and conditions of employment fixed by collective bargaining or arbitration proceedings between organizations of employers and employees; (5) provided that any departures from trade practices and customs during the war should be recorded at the Ministry of Labor, to facilitate restoration after the war. By an act of Feb-

ruary 1942, the Government required that all prewar trade practices which had been suspended would be restored for a period of 18 months after the end of the war.

The National Arbitration Tribunal was composed of five members sitting on each case, one representing employers and one employees, and three "appointed" members, including the chairman. The British Employers Confederation and the Trades Union Congress were consulted in drawing up the panels of employer and employee representatives.

Work stoppages continued to increase between 1940 and 1944. This was ascribed to the long hours and strain of working and living under war conditions. In 1942–43, special consideration was given to the wage claims of the miners since industrial unrest was particularly acute in the coal fields. National wage-negotiating machinery, a Nation-wide minimum wage, specific wage increases, and a bonus based on the output of the district, partially met the miners' demands.

In April 1944, regulations against strikes which interfered with essential services were strengthened. It was made an offense against the realm to "declare, instigate, or incite any other person to take part in, or otherwise act in furtherance of, a strike or lock-out." Merely ceasing to work or refusing employment, or taking part in a trade-union meeting, did not constitute an offense. In January 1944 it was estimated that 5,000 persons had been prosecuted under wartime regulations. Sentences were imposed in only some of these cases. Prosecutions sometimes led to further strikes in protest, but these strikers were seldom prosecuted.

Joint voluntary machinery for industrial relations was extended. Forty joint industrial councils were formed during the war. Collective-bargaining agreements, which in 1939 had covered an estimated 10 million workers, were extended in this way by an additional 2 or 2.5 million workers.[2] This joint machinery continued to function well. The National Arbitration Tribunal made only some 700 awards between mid-1940 and January 1945, compared with almost 8,000 awards made by the Committee on Production and by arbitration bodies during World War I. The benefits of collective bargaining were further reinforced by the provisions of the essential work orders. Whenever manpower controls were applied to a war plant or other essential establishment, the Government required the employer to maintain terms and conditions of employment at least as favorable as those maintained in the organized sector of the trade. It also required him to guarantee to the worker who was frozen to his job or directed to take a certain job, a minimum weekly wage equivalent to the normal weekly earnings in the occupation; and the right of appeal against dismissal was assured to such a worker.

CURRENT SITUATION

Following VJ-day, employers and labor in Great Britain agreed to a continuation of the basic emergency powers for another 5 years, including the provision for compulsory arbitration of disputes. The requirement that employers shall maintain standard working conditions and terms of employment is also continued through 1950 under

[2] Another 2.5 million workers are covered by statutory wage-fixing authorities.

the terms of the Wages Councils Act of 1945. This act provides for councils (to be set up either on the initiative of the Minister of Labor or at the request of the industries), composed of employer and employee representatives and independent members who are to fix remuneration, including a guaranteed weekly wage and payment for holidays and vacations, if desired, for an entire industry.[3]

Australia [4]

COMPULSORY ARBITRATION IN PEACETIME

The Australian Commonwealth Court of Conciliation and Arbitration was established in 1904 with the support of organized labor. It consists of 6 judges selected from lawyers entitled to practice before the High Court. Its jurisdiction prior to the war was limited to the settlement of interstate disputes. The Court was empowered to make binding awards on union security, wages, hours, and working conditions in disputes brought before it by an organization of either employers or employees registered under the act establishing the Court.

Collective bargaining agreements registered under the arbitration law were also binding. As a result of the Commonwealth High Court decisions the Arbitration Court did not have the power during prewar years to make awards or registered agreements the "common rule" of the industry (i. e., applicable to all employers in the industry, whether or not they were parties to the original dispute.) Registered organizations were also permitted to bring their disputes before Conciliation Commissioners and Boards of Reference who could make binding awards, which could be appealed to the Court.

The Court was authorized to impose a fine, up to £10 for each individual of an organization and £100 for a registered organization or an employer, for the violation of an award and was permitted to "deregister" an organization and thus deprive it of the benefits of an award. Strikes and lock-outs were deemed to be illegal and subject to fine only if so provided in awards or registered agreements. Such prohibitions were unusual.

WARTIME REGULATION OF INDUSTRIAL RELATIONS

During World War II, penalties for strikes and lock-outs were increased and special organizations were established to deal with disputes in particular industries. By the National Security (Industrial Peace) Regulations of December 1940, the jurisdiction of the Court of Conciliation and Arbitration was extended to intrastate disputes, and the Court was empowered to make its awards the common rule in an industry.

In 1940, provision was made for the appointment of additional Conciliation Commissioners, and six such appointments were actually made. In addition, officers might be appointed for specific disputes. Early in 1942, regulations provided fines for absenteeism, and, beginning in 1943, employers and employees involved in lock-outs or strikes in war industries that were designated as essential were made subject

[3] See Monthly Labor Review, issue of July 1945 (pp. 120-123).
[4] The unofficial sources used were the publications of R. de O. Foenander and C. Hartley Grattan.

to draft for military service or to direction into civilian employment. Special agencies were established in the maritime, stevedoring, and coal-mining industries to deal with general problems of recruitment, employment, and working conditions, as well as with industrial disputes. It was required that the chairman of the coal board should be a judge of the Arbitration Court; the chairman of the stevedoring agency may be a judge of this Court. In 1942, workers in the coal industry engaging in wildcat strikes were subject to fine and later all workers engaging in illegal strikes were made liable to penalties.

The Court in 1943 was determining wages, hours, and working conditions for 1,020,000 persons, comprising 85 percent of Australian trade-unionists and about one-third of the total labor force.[5] The awards may also apply to some nonunion workers. Despite the almost universal applicability of the Commonwealth and State Acts, direct negotiation between the parties was responsible for the settlement of industrial disputes which accounted for 38.1 percent of man-days of idleness during the prewar period, as is indicated in table 2. Works stoppages have occurred, regardless of their legality or illegality, and those involved were seldom subjected to penalties during either the prewar or war years.[6]

TABLE 2.—*Australia: Man-Days of Idleness and Industrial Disputes by Method of Settlement, Prewar and War Periods*

Method of settlement	Percentage distribution			
	1934 to 1938		1939 to 1943 [1]	
	Disputes	Man-days lost	Disputes	Man-days lost
Negotiations	73.4	47.8	57.9	42.3
Direct, between employers and employees	70.2	38.1	48.0	21.1
By aid of third party (not under Commonwealth or State Industrial Acts)	3.2	9.7	9.9	11.2
Under State Industrial Acts	5.0	19.8	5.9	7.7
Under Commonwealth Conciliation and Arbitration Act	1.8	22.4	6.2	40.1
By replacement of workers	1.5	2.8	.1	.1
By closing down permanently	.5	.4	.1	.1
Other (causes and methods now known; brief stoppages)	17.8	6.8	29.8	19.6
Total	100.0	100.0	100.0	100.0
Number (annual average)	256	633,100	543	853,321

[1] Data for later years not available.

CURRENT SITUATION

The Arbitration Court has continued to exercise its wartime powers following VJ-day, as the National Security Act remains in effect until the end of 1946. However, fines for absenteeism became inoperative after April 30, 1946, when all manpower controls were removed. A permanent stevedoring commission was established in April 1946, consisting of a judge of the Arbitration Court, two representatives of waterside workers, one of the shipowners, and one of overseas shipping interests.

[5] The labor force includes domestic service, agriculture, armed forces, and self-employed.
[6] See Monthly Labor Review, issue of April 1946, (p. 610).

The Court has not functioned without criticism. At one time, it was admitted that the average waiting time of cases before the Court was about 8 months. Subsequently, improvements were made and, in a crisis, decisions could be obtained in 2 or 3 weeks. During the first 6 months of 1946, both trade-unions and the Government prepared bills to expand the conciliation features under the act; some trade-unions also wished to reorganize the Arbitration Court and to replace the judges now serving.

New Zealand [7]

COMPULSORY ARBITRATION IN PEACETIME

The New Zealand Industrial Conciliation and Arbitration Act, first passed in 1894, with labor support, applies to organizations of employees or employers registered under the act. Upon application of either party, a dispute is first referred to a tripartite Conciliation Council, and, failing settlement, to the Court of Arbitration which is also a tripartite body. The Court is authorized to make binding awards on wages, hours, working conditions, and union security, which might be made the common rule for all employers in the industry. In general, awards provide for the establishment of employer-employee disputes committees to settle differences arising under the terms of such awards. Collective agreements may also be made binding by registration under the act.

Work stoppages in violation of an award or registered agreement may result in fines ranging from £10 to £100, or the guilty organization may be "deregistered." Persons in designated public utilities and food industries are subject to additional penalties for work stoppages and must give 14 days notice of intention to strike. Any worker who benefits from an award or registered agreement must become a member of the union to which the award applies and may be fined £5 for failure to join.

WARTIME REGULATION OF INDUSTRIAL RELATIONS

During World War II, the Government attempted to speed the settlement of industrial disputes and to provide heavier penalties for persons engaged in illegal work stoppages. The Strike and Lock-out Emergency Regulations of October 4, 1939, provided that a joint disputes committee might be authorized to make a final and binding decision in a case; failing agreement, the Minister of Labor might appoint a tripartite Emergency Disputes Committee to make the final settlement. The Minister of Labor was also empowered by 1939 regulations to suspend the provisions of an act, award, or industrial agreement insofar as it affected conditions of employment. In January 1942, the 1939 regulations were amended to provide maximum penalties of 3 months' imprisonment or £50 for an individual or £200 for a corporate body violating the regulations by reason of a work stoppage. In May 1942, the same penalties were applied for unauthorized attendance at "stop-work" meetings in industries declared essential.

[7] The unofficial sources used were the studies by A. E. C. Hare.

The New Zealand Government also established two independent agencies; namely, the Coal Mines Council, a tripartite body, to determine wages and working conditions in the coal mines, and the Waterfront Control Commission with similar jurisdiction over longshoremen. The waterfront workers' union has requested continuation of its commission.

In war and in peace, the legal penalties for striking in New Zealand have been applied sparingly. In 1939, a union was deprived of its benefits under the arbitration act for an illegal strike. From the fall of 1939 through 1942, only 7 prosecutions were noted. In 1944, 32 striking meat-packing employees were fined £5 each.

As of December 1943, 214,628 unionists, amounting to 28.1 percent of the total labor force,[8] were members of unions registered under the Industrial Conciliation and Arbitration Act. Membership of unregistered trade-unions is not recorded. As in other countries, stoppages occurred during the war and their number has fluctuated with economic and political conditions.

Most work stoppages from 1935 to 1943 were settled by direct negotiation, according to the statistics in table 3, but in the war years the more important disputes were settled by other methods.

TABLE 3.—*New Zealand: Man-Days of Idleness and Industrial Disputes by Method of Settlement, Prewar and War Periods*

Method of settlement	Percentage distribution			
	1935 to 1938		1939 to 1943 [3]	
	Stoppages	Man-days lost	Stoppages	Man-days lost
Negotiation under acts [1]	23.4	22.4	15.7	22.4
Private negotiations between parties	63.4	66.0	65.5	24.2
Substitution	2.3	1.4	2.3	.2
Other [2]	10.9	10.2	16.5	53.2
Total	100.0	100.0	100.0	100.0
Number (annual average)	44	25,229	70	34,803

[1] Includes formal procedures under both the Industrial Conciliation and Arbitration Act and Labor Disputes Investigation Act.
[2] Includes cases where a third party has assisted in the settlement, but has not been formerly appointed under the acts; possibly the special wartime agencies are included in this category.
[3] Data for later years not available.

CURRENT SITUATION

As of May 1946, the wartime measures regarding industrial disputes were unchanged but since "declarations of essentiality" had been removed from almost all industries, by April 1946 the 1942 prohibitions and penalties for absenteeism, including attendance at unauthorized "stop-work" meetings, could no longer be as readily invoked. As late as February 1946, no public attempts had been made to modify the arbitration law, although some unions were dissatisfied with it. The procedure of the court is often lengthy, and during the war its decisions in administering the wage-stabilization policy were criticized. During the present comparative scarcity of

[8] Includes agriculture, domestic service, the armed forces, and the self-employed.

labor, many workers feel that they could obtain more by direct negotiation with employers rather than through the court, which is still committed to the policy of wage stabilization. At its last convention in November 1945, however, the New Zealand Federation of labor recommended only that the purely wartime restrictions on strikes be removed.

Canada

CONCILIATION AND INVESTIGATION

Government assistance in the settlement of industrial disputes in Canada prior to World War II was limited to the provision of conciliation services on the request of either party. In addition, under the Industrial Disputes Investigation Act of 1907, any dispute in a public utility or in certain vital industries was subject to compulsory investigation by a tripartite board. During the investigations, stoppages were prohibited and subject to penalty. As Canada has a federal form of government, jurisdiction over much of the industrial-relations field is retained by the Provincial governments, but major Dominion legislation is frequently made applicable in the Provinces by similar legislation. Provincial arrangements are not discussed here.

WARTIME REGULATION OF INDUSTRIAL RELATIONS

During the early part of World War II, the prewar industrial-relations provisions were extended; and, in the winter of 1943–44, the machinery was reorganized. The tripartite National War Labor Board established under P. C. 9384 of December 1943, was granted jurisdiction in all wage disputes and authorized to administer the national wage-stabilization policy. Strikes for wage increases in violation of Board orders were made punishable by a fine of $20 for each individual for each day on strike. Employers were also to be fined for any lock-out or other action tending to interfere with the operation of the Board.

Machinery to deal with nonwage disputes was created by the Wartime Labor Relations Regulations (P. C. 1003) of February 17, 1944. Unfair labor practices on the part of employers, such as refusal to bargain collectively or discriminatory discharge for union activities, were prohibited as were certain specified practices by employees and unions. Provision was made for the determination of collective-bargaining representatives by a tripartite Labor Relations Board. Under the regulations, to facilitate negotiation of collective agreements, either side may request the appointment of a Conciliation Board. The recommendations of such a body are not binding. Stoppages are illegal if they occur during the life of an agreement or until 14 days after the Conciliation Board has issued its report on a dispute involving the negotiation of an agreement; participants in illegal stoppages are subject to fines for each day the stoppage exists. In addition to the above provisions, the Minister of Labor may on his own initiative appoint an industrial disputes inquiry commission.

Man-days lost through work stoppages increased from 1939 to 1943, but declined from 1,041,198 in 1943 to 490,139 in 1944; the Minister of Labor attributed this decline to the collective-bargaining and

certification provisions of the Wartime Labor Relations Regulations (P. C. 1003) adopted in February 1944. During the first year and a half of operations under this regulation, about 98 percent of the cases dealt with were settled without interruption of work. Prosecutions for illegal stoppages under any of the World War II regulations were actually instituted in only three cases. The method of settling disputes in Canada during prewar and war years are shown in table 4.

TABLE 4.—*Canada: Industrial Disputes and Workers Involved by Method of Settlement, Prewar and War Periods*

Method of settlement	Percentage distribution			
	1934 to 1938		1939 to 1945	
	Stoppages	Workers involved	Stoppages	Workers involved
Negotiations between parties	48.7	35.9	24.4	14.0
Conciliation or mediation [1]	23.3	35.8	24.8	16.5
Reference to War Labor Board, Labor Courts, etc.[1]			16.7	22.6
Reference under I. D. I. Act [1 2]	.9	1.4	3.4	5.0
Arbitration [1]	1.7	2.8	3.6	10.4
Return of workers	11.1	16.6	21.9	29.9
Replacement of workers	11.2	3.7	4.2	.5
Indefinite, etc	3.1	3.8	1.0	1.1
Total	100.0	100.0	100.0	100.0
Number (annual average)	178	41,236	239	198,918

[1] These categories presumably involved Government assistance.
[2] The Industrial Disputes and Investigation Act, 1907, as amended.

CURRENT SITUATION

Labor organizations have suggested minor amendments to the Wartime Labor Relations Regulations and have requested the abolition of the National War Labor Board and wage stabilization. The criteria for granting wage increases were liberalized in January and again in June 1946. Otherwise, the wartime measures remained in effect during the first half of 1946. The National Emergency Transitional Powers Act on which they are based expires on December 31, 1946.

Denmark, Norway, and Sweden

In Denmark, Norway, and Sweden, where collective bargaining between employer and trade-union organizations was firmly established before the war, disputes over the interpretation of labor agreements ("jural" disputes) are treated differently from disputes over issues arising during the negotiation of agreements on wages and working conditions ("nonjural" disputes).

DISPUTES OVER INTERPRETATION

In each of these countries, disputes arising over the interpretation of agreements must be submitted to arbitration. Special labor courts have been created to deal with such disputes; however, the parties themselves are permitted, or encouraged, to set up their own machinery for arbitration. In Sweden, cases involving the validity of the

agreement come under exclusive jurisdiction of the Labor Court. In all three countries, a strike or lock-out during the term of an agreement or award is illegal and may be penalized by the Labor Court. In Denmark, the Permanent Arbitration Court may also decide nonjural disputes referred to it.

Owing to the exigencies of the reconstruction period, the Labor Court in Norway (by Provisional Act of September 15, 1944) was not to resume its functions until a time to be determined by the King. Meanwhile, a special dispute board of three members, appointed by the King or a person authorized by him, was to reach decisions in wage disputes arising under wage agreements, and in disputes which otherwise would have appeared before the Boycott Court which was also temporarily suspended.

DISPUTES OVER ISSUES

In Denmark, Norway, and Sweden nonjural disputes arising during the negotiations of collective agreements are dealt with ordinarily by conciliation and mediation. In June 1946, Norway was the only country in this group which required compulsory arbitration of such issues; although Denmark's method of enacting a mediator's proposal into law comes close to it.

In *Denmark*, by a 1934 law as amended in 1945, settlement of disputes over issues rests with a Conciliation Board of three members appointed by the Minister of Labor and Social Affairs, upon recommendation of the Permanent Arbitration Court. When a work stoppage is threatened or has occurred, the parties are legally obliged to attend conciliation proceedings. Failing an agreement, the conciliator may present a specific settlement proposal and may prohibit a work stoppage until he declares the negotiation at an end; however, he may not prohibit a stoppage for more than 1 week, nor more than once during the course of the same dispute. His proposal must be voted upon by the members of the organizations involved. Under the 1945 amendment, the Conciliation Board is assisted by 12 mediators who conduct preliminary negotiations and make recommendations to the Board.

If conciliation fails, no strike or lock-out may be called unless approved by three-fourths of the votes cast by a quorum of the appropriate party. Two notices of a labor stoppage must be given to the other party at least 14 and 7 days, respectively, before the day of the intended stoppage.

A law in force in Denmark, from September 1940 to October 1945, provided for compulsory arbitration by a Labor Conciliation Board of all matters relating to wages and conditions of employment which could not be settled voluntarily. Since the abrogation of this law, there is no general provision in Denmark for compulsory arbitration of nonjural disputes. When, however, a strike or lock-out threatens to disrupt the economy of the country, emergency legislation may be passed, as it was in prewar years, to provide a compulsory arbitration board for the settlement of a particuar dispute or to make a mediation proposal legally binding. The latter procedure was employed in May 1946 for the settlement of a strike by the Common Laborers' Union, and for the settlement of numerous disputes which involved a variety of workers.

In *Norway* a law of May 1927 provides for a State Conciliator and district conciliators, who are appointed by the Social Affairs Department, and for district conciliation boards composed of the conciliator and two other members appointed from among employer and trade-union nominees. A Provisional Act of September 1944, which expires December 31, 1946, unless again extended, instituted public mediation when no agreement was reached by means of negotiation between employer and worker organizations over wage questions and provided a Wage Board for the compulsory arbitration of disputes under certain conditions. The Wage Board is financed by the State and is composed of seven members. Employer and trade-union organizations are represented on the Board by two members each; the remaining three members are public representatives. In December 1945, the scope of the act was extended to include conditions of work other than wages.

Stoppages of work or boycotts are forbidden before negotiation and conciliation have been tried, and for 6 days after negotiations have ended without reaching a settlement of the dispute; strikes are prohibited only in cases which are referred to the Wage Board. Disputes may be referred to the Wage Board when (1) a decision of the public mediator, accepted by the representatives of the disputing parties, is rejected by one or both parties, (2) the public mediator has decided not to make a mediation proposal, or (3) his proposals have been rejected by the representatives of the disputing parties.

Compulsory arbitration of labor disputes was required in Norway from 1916 to 1929, except for short periods, and in later years was applied by special legislation to specific disputes.

In *Sweden*, by a law of 1920, the country is divided into seven mediation districts, each of which has a mediator appointed by the district government, who follows all bargaining developments, assists in the settlement of disputes, and endeavors to prevent work stoppages. The parties to a dispute are legally obliged to enter negotiation at the mediator's request and to produce documented proposals for solution of the dispute. Pressure for mediation can be applied by the Labor Court through imposition of fines, at the request of one of the disputing parties through the mediator.

Disputing parties may agree, however, on a neutral chairman or may make a joint application to the Department of Social Affairs for the appointment of such a chairman. If the parties to the dispute fail to arrive at a solution under a mediator, but agree to arbitrate, the decision is binding only if the parties so agree in advance. By law of 1935, a 7-day notice must be given of a contemplated strike or lock-out and the reasons for the proposed stoppage must be stated.

No provision is made in Sweden for compulsory arbitration of disputes over issues. Except for experiments between 1909 and 1923 concerning private railroads and certain municipal undertakings, compulsory arbitration has not been tried in Sweden.

Cash Disability Benefits in California[1]

CALIFORNIA became the second State, after Rhode Island, to adopt a system of cash compensation for illness, by amending its Unemployment Insurance Act, at a special legislative session held early in 1946. The California program, which is to be operated within its existing unemployment-compensation system, also takes injuries into account.[2]

Among the four States which, under unemployment-compensation powers, still levy a pay-roll tax on employees[3] as well as on employers, California has provided for the diversion of such employee contributions into a separate fund from which the disability program is to be financed. The rate of such employee taxes in California is 1 percent of wages. Disability benefits are from $10 to $20 a week, for a period of 9 to 23 weeks, the amount and duration depending on previous earnings.

Under the California disability program, approved March 5 and effective May 21, 1946, benefit payments begin 1 year from the effective date, or earlier if transfer of 1944 and 1945 employee contributions from the Federal Unemployment Trust Fund to a State Disability Fund (provided by the new legislation) is authorized. The determination of "legality" of transfer of contributions is with the Social Security Board or "other higher authority." In case of earlier approval, benefits would become payable 90 days after determination. Pay-roll contributions from employees were to be deposited in the new fund, beginning May 21, 1946.

Previous Legislative Proposals

From 1939 to 1943, measures for compulsory health insurance (including medical benefits), or for disability-unemployment insurance only, had been before the California Legislature, but failed of passage.[4] In 1945, five of the seven medical-care bills before the legislature called for compulsory health insurance. Two of these—A. B. 800 (sponsored by the Governor) and A. B. 449 (the "CIO bill")—offered relatively complete plans of family medical care, to

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[1] Prepared by H. Dora Stecker of the Bureau's Publications Staff.

[2] Data are from California Unemployment Insurance Act, in Deering's General Laws (vol. 3, 1944) and Supp. (1945), Act 8780d, arts. 1–9; S. B. No. 40, ch. 81, 1st extra session, 1946, adding art. 10 (to establish disability benefits), amended by A. B. No. 58, ch. 82, and S. B. No. 126, ch. 83. Report of the Senate Interim Committee on Unemployment Insurance, Sacramento, 1945.

[3] New Jersey and Alabama, in addition to California and Rhode Island. Six other States have had such laws, but have repealed them. The Federal Unemployment Tax Act does not require a pay-roll tax on employees.

[4] Notes on Compulsory Sickness Insurance Legislation in the States, 1939–44, by Adela Stucke. (In Public Health Reports, U. S. Public Health Service, Washington, December 28, 1945, p. 1551.)

be financed by a compulsory pay-roll tax on both employee and employer.[5] These funds were to be collected by the official unemployment-insurance agency of the State, but set up and administered under a separate agency. The 1945 proposals also failed. All of these doubtless had their effect in California, with its augmented wartime industrial population, and with its experience with prepayment medical-care programs, especially in the important war plants.

Study of Unemployment Insurance System

In its report to the legislature, in the spring of 1945, the State Senate Interim Committee on Unemployment Insurance recommended, among other means for strengthening the State's unemployment-compensation system, the adoption of a system of temporary-disability benefits, to be operated in connection with unemployment insurance and to be financed from the contributions of workers required under the latter system. The committee also outlined basic provisions for safeguarding the proposed system, most of which were incorporated into the 1946 legislation. The committee also suggested a number of provisions for strengthening the unemployment-insurance system, which were followed in 1945 by amending legislation, thus laying the groundwork for the disability-benefit system adopted in 1946.

The decision of the interim committee to recommend a disability-benefit program for the State was reached after study of the solvency of the unemployment-compensation fund. The committee took into account the considerable size of the fund, the decline in employment since the wartime peak of 1943, and the probable severity of postwar unemployment. It also noted the failure of the California unemployment-compensation law to provide benefits for covered workers who, because they were unable to accept employment because of illness, or injury not included under workmen's compensation, were disqualified to receive unemployment benefits. This situation was a frequent cause of complaint when workers filed claims for unemployment compensation. Most workers were perplexed to find that the law required them to contribute to a fund which provided benefits when they were unemployed and well, but left them unprotected when they were unemployed and sick. The committee also noted the large employee contributions to the unemployment fund since its establishment in 1936.

For purposes of guidance, the committee made a careful study of the Rhode Island Cash Sickness Compensation plan and was convinced that it was workable, with modifications, for California. By excluding "several of the very high-cost items" (sickness benefits to those also receiving workmen's compensation, payments in pregnancy cases, the requirement of only 1 week's waiting period during the entire benefit year, etc.) the committee believed the total cost of such a plan could be reduced by at least 30 percent.[6]

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[5] Voluntary vs. Compulsory Health Insurance Proposals. (In Commonwealth, Commonwealth Club of California, San Francisco, June 4, 1945, part 2, p. 275.)

[6] For an account of recent amendments to the Rhode Island law, made in 1946 after the passage of the California act, see Monthly Labor Review, July 1946 (p. 21).

The California committee's recommendations in 1945 were as follows:

(1) That the 1 percent tax on the wages of workers up to $3,000 which is now required under the Unemployment Insurance Act be diverted into a separate disability fund.
(2) That an amount not to exceed 10 percent of all contributions be provided to defray administrative expenses in operating the program.
(3) That the system be administered by the employment stabilization commission through the department of employment as a part of the unemployment-insurance program.
(4) That coverage be identical with coverage under the Unemployment Insurance Act.
(5) That the amount and duration of disability benefits be made identical with unemployment benefits.
(6) That a waiting period of seven consecutive days be required for each period of disability.
(7) That no disability benefits be paid to an individual receiving unemployment benefits or workmen's compensation under the law of this State or of any other State or of the United States.
(8) That no disability benefits be paid for any disability arising in connection with or resulting from pregnancy.
(9) That no disability benefits be paid during any week in a benefit year after unemployment benefits have been completely exhausted.
(10) That no disability benefits be paid during any week for which an individual is serving a disqualification imposed under the Unemployment Insurance Act.
(11) That no disability benefits be paid from the disability fund until 1 year after the effective date of the law.
(12) That provision be made as a safeguard against the possibility of any immediate and unforeseen danger to the solvency of the fund by permitting the Governor in case of emergency to authorize an increase in waiting period or decrease in benefits until such time as the legislature takes action.

General Provisions and Safeguards

Provision is made for payments to "eligibly" employed workers to compensate them for the wage losses incurred by being unavailable for or unable to work because of illness or injury. Thus, an injured individual who cannot qualify under workmen's compensation may receive disability benefits if he is in a covered employment and is otherwise eligible. The disability may be mental or physical. The work referred to must be the person's regular or customary pursuit. No claims arising out of pregnancy are recognized.

BENEFIT PAYMENTS FROM TWO SOURCES

Safeguards against workers receiving full-time benefits from more than one source are provided. An eligible worker may not receive disability benefits for the same week in which he is allowed unemployment-insurance benefits, or workmen's compensation or employers' liability—either State or Federal. Nor may he draw benefits and regular wages at the same time, unless the latter are less than the rate of benefit, in which case the benefit is reduced by the amount of wages.

However, in the same benefit year, he may draw both disability and unemployment benefits (for different periods), up to 1½ times the total yearly amount of single-type benefits allowed.

Benefits for part of week.—Under the law benefits for short periods of disability are liberal. It allows a full week's benefit in case of dis-

ability for 1 or more days. Cases extending over the major fraction of a week are to be paid from the disability fund, and those of shorter duration, from the unemployment-insurance fund.

COVERAGE AND ELIGIBILITY REQUIREMENTS

Because of the integration of the disability and unemployment-insurance programs, coverage, provisions as to amount and duration of single-type benefits, base period, wage requirements, benefit year, and claims procedures are the same (where applicable) for both, with few exceptions. Filing of a valid claim for one type of benefit establishes a valid claim for the other, in establishing a benefit year.

A temporary disqualification (because of leaving the job without good cause, etc.) under the unemployment-insurance law is waived, in the case of a sick or injured worker, when he can establish the fact that his disability is bona fide, and when the administrative agency finds good cause for paying him benefits.

Coverage is identical for the two systems. Under an amendment to the unemployment-insurance law, effective January 1, 1946, inclusion has been raised from employers with 4 or more workers 20 weeks a year, to those with only 1 or more workers during the current or past year, provided the pay roll for a quarter exceeds $100. It was estimated, as of June 1944, that about 150,000 workers, employed by firms in the State with less than 4 workers, were excluded from the operation of the unemployment-compensation system.

QUALIFICATIONS FOR FULL-TIME BENEFITS

In order to qualify, an eligible claimant must (1) have earned $300 in wages in covered employment during his base year; (2) observe a waiting period of seven consecutive days for each continuous period of disability; (3) file a claim in the prescribed manner; and (4) with the first claim for each continuous period of disability, file a physician's certificate (as defined in sec. 3209.3 of the Labor Code) as to the disability and its estimated duration. (A substitute certificate is permitted members of healing sects, etc.)

REQUIRED EARNINGS

Annual.—The requirement of $300 minimum earnings in a base year, for either disability or unemployment compensation, excludes large numbers of covered workers. The California Senate Interim Committee reported that, although 3,750,000 individuals contributed to the unemployment-insurance fund in 1944, only about 2,650,000 earned $300 or more and were entitled, therefore, to file a valid claim for benefits. The group of more than a million who were disqualified because they earned less than $300 during their base year had contributed $1,257,000 to the unemployment-compensation fund as a result of the 1-percent pay-roll tax. This situation, of course, did not take into account earnings of such workers, during the period, in jobs not covered by the insurance system.

Schedule of prescribed earnings.—In order to obtain the minimum weekly benefit of $10 for either disability or unemployment, the

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worker must have earned $75 up to $200 during the highest quarter of his base year; for the maximum benefit of $20, earnings must be at least $380. The duration of weekly benefits is determined by the yearly earnings. Minimum yearly earnings of $300 to $350 entitle the worker to $160 in annual benefits, and maximum earnings of $2,000 to $3,000 to benefits of $468 a year. A combination of disability and unemployment benefits permitted during a benefit year (as previously explained) would be computed at 1½ times the annual single-type benefit of $160 to $468, or at $240 to $702.

Employee Contributions

The disability system is to be supported wholly by employee contributions, without additional cost to workers (or employers). The collection of the 1-percent pay-roll tax, formerly paid for unemployment compensation by California employees on the first $3,000 of their wages, was to begin May 21, 1946 (under former procedures), and the contribution placed in the disability fund.

The request for the transfer (from the Federal Unemployment Trust Fund) of workers' pay-roll taxes collected in 1944 and 1945 was authorized in the amending act, which was to be submitted to the Social Security Board for certification [7] within 30 days after going into effect.

The senate interim committee, as previously noted, was impressed by the large employee contributions to the California unemployment-insurance fund. From its beginning in 1936 to 1944, employees alone had paid over 242 million dollars in pay-roll taxes—more than was expended for unemployment benefits during that period. Their share of contributions to the unemployment fund during that time was over two-fifths of those paid by California employers. Because of merit rating, the contribution rate of employers fell from 2.7 percent in 1940 to an average of 2.1 percent in 1944. Because of the very large balance of 621 million dollars in the unemployment-insurance fund at the end of 1944, and the still larger fund in February 1945,[8] the senate committee was convinced that, all factors considered, employee contributions were not needed in the immediate postwar years to maintain the solvency of the fund.[9]

Voluntary Plans

A significant departure in the 1946 act is the provision whereby employers may operate their own private systems of disability benefits within the State program.

California's long experience with prepayment medical-care plans, on a voluntary basis, and their large-scale extension, during wartime,

[7] Relevant bills amending the Federal Unemployment Tax Act and the Social Security Act have recently been introduced into Congress (79th, 2d sess.). H. R. 6576 (May 25th) and its companion bill S. 2381 (June 27) would authorize any State to use amounts contributed by employees to its unemployment fund to pay cash disability benefits. H. R. 6577 (May 25th) does not limit itself to employee contributions only.

[8] As of February 28, 1946, 731 million dollars were available for benefits (over 10 percent of the total of State funds). (Social Security Bulletin, May 1946, p. 19.)

[9] It is noteworthy that the Chairman of the Social Security Board has recommended the reduction of the employer's rate for existing State systems from 2.7 to 1.8 percent, under a proposed national system of unemployment compensation. (New York Times, May 21, 1946.)

in the industries of the State—especially in shipbuilding—may have been an influencing factor; also the prevalence of group-insurance plans.

CONDITIONS OF ACCEPTANCE

To be approved, the "company" plan must offer more liberal provisions as to disability-benefit rights than those specified under the public system. Contributions from employees, however, must not exceed the 1 percent pay-roll tax on wages laid down in the act.

The plan must have been made available to all employees and approved by a majority. It must also provide for the inclusion of future employees.

If the plan provides for insurance, it is to be carried by an "admitted" disability insurer and the policy forms approved by the insurance commissioner. Otherwise, the employer has to give bond or other security for payment of benefits.

The voluntary plan must be in effect at least 2 years. It may then be terminated by either an employer or a majority of his employees upon proper notice. Approval once given may be withdrawn if, after notice and hearing, it is found that there is danger of present or future benefits not being paid, of security being insufficient, or for other good reason.

The acceptance of the plan must not result in a substantial selection of risks unfavorable to the State disability fund.

EMPLOYER FUND, COSTS, DISPUTED CLAIMS

When benefit payments become effective under the act (May 21, 1947, or earlier) employees' pay-roll taxes for disability funds cease to be paid to the State fund for those who belong to the voluntary plan and go into the individual fund, which the employer must set up and to which such employees must look for benefits. Employees, however, remain covered, at all stages, for unemployment compensation.

The employer is permitted to assume all or part of the cost of his individual plan, if he so desires, but in any case he must not make employee pay-roll deductions above the authorized rate.

Private plans must bear the extra administrative cost of such plans to the State system, to be prorated according to wages paid participating employees, up to 0.02 percent of such wages.

In case of disputed claims, employees may appeal to the State agency.

Administration

The jurisdiction of the disability-benefit program lies with the California Employment Stabilization Commission, Department of Employment, which also administers unemployment compensation. The disability program, as previously noted, was authorized in an amendment to the Unemployment Insurance Law, in which the purpose of the amending act was stated to be, to establish a system of "unemployment-compensation disability-benefit payments."

Contingent funds.—If funds received from Federal sources are not available for administration, an amount up to 5 percent of deposits

in the newly created disability fund (to be determined by the State Director of Finance) may be used. Similarly, a revolving fund of $75,000 may be withdrawn from the administration account of the fund by the commission for the payment of benefits, etc.

Protection of fund.—The solvency of the disability fund is made the special charge of the commission. Whenever the commission is convinced that a change in contribution rate or amounts of benefits is necessary, it must inform the Governor and legislature immediately and make proper recommendations. The Governor may then, as an emergency measure, authorize the commission to announce a modified scale of benefits or increased waiting period, or other changes in rules and regulations regarding the eligibility for benefit payments which it deems necessary to protect the fund's solvency. Such regulations are to remain in effect until the emergency is declared at an end by the Governor, or until the legislature acts.

Enforcement and education.—Two effective measures for strengthening the administration of unemployment insurance, recommended by the senate interim committee, were passed in 1945 (effective September 15, 1945), and will doubtless be of assistance in the disability-benefit program. These authorized the establishment of a field investigating staff for purposes of enforcement, and a public instruction and education unit to inform employers and workers of their rights and responsibilities under the act

Family Allowances

Family Allowances for Teachers

EQUAL pay for men and women teachers has long been advocated by the National Education Association. Such provision has now been legally adopted in 12 States. Approximately 75 percent of the larger school systems—87 percent in cities with a population of over 100,000—are committed to this principle under law or school-board policies. Less progress is reported for small cities and rural communities.[1] The equal-pay movement has been objected to, however, as ignoring the fact that the relationship of wage conditions outside the public service to teachers' salaries affects the supply and demand of male teachers. It has also been claimed that the equal-pay principle overlooks entirely the economic problems confronting married men, especially those having dependent children.

Even a brief examination of the controversial literature on teachers' salaries indicates that the equal-pay principle has tended to lead to proposals for family allowances in the academic domain.[2]

In the face of conflicting views on this matter of salary supplements granted in consideration of teachers' family responsibilities, it should be noted that at the close of the scholastic year 1945, family allowances were being paid in at least 34 public-school systems and differentials for married men in 62 such systems.

Table 1 gives some further details concerning these subsidies:

TABLE 1.—*Family Allowances or Differentials for Married Men in Public-School Teachers' Salary Schedules* [1]

City size	Number of school systems, 1940	Number replying, 1944–45 study	Number reporting a schedule	Married men with salary schedules reporting—			
				Family allowances		Married men's differential	
				Number	Percent	Number	Percent
All city-size groups	3,759	1,897	1,253	34	2.7	62	4.9
Over 100,000	92	81	79	1	1.3	1	1.3
30,000 to 100,000	272	191	173	4	2.3	11	6.4
10,000 to 30,000	780	453	362	11	3.0	22	6.1
5,000 to 10,000	1,040	534	346	13	3.8	14	4.0
2,500 to 5,000	1,575	638	293	5	1.7	14	4.8

[1] National Education Association. Research Division. Family Allowances or salary differentials for married men in public-school teachers' salary schedules, 1944–1945. Washington, March 1946. (Typewritten.)

[1] National Education Association, Research Bulletin No. 4: The Teacher Looks at Personnel Administration. Washington, December 1945.

[2] U. S. Bureau of Labor Statistics. Bulletin No. 754: Family Allowances in Various Countries. Washington, 1943.

In 1940–41, according to a previous analysis by the National Education Association, 16 cities provided family allowances for teachers and 59 cities provided a flat differential for married men. In that period also, in 14 cities, women teachers as well as men teachers were reported as eligible for family allowances; in 1944–45, 28 cities granted this eligibility to women.

> An examination of the salary schedule information reported by 1,253 city-school systems to the Research Division of the National Education Association in reply to the "Salary Inquiry—School Year 1944–45," reveals that in 34 cities in various States the principle of family allowances has been made an integral part of the plan of paying teachers. * * *
> * * * in 23 of the 34 schedules cited, the amount of the allowance varies with the number of dependents; in 14 of these 23 schedules the allowance is granted to all teachers irrespective of sex, while in 9 the allowance applies only to married men teachers. In the remaining 11 schedules, 7 provide a flat allowance for dependents to all teachers irrespective of sex; 3, a flat allowance for married men with dependents; and 1, a flat dependency allowance available to all men.

In 1944–45 the annual amounts of family allowances paid ranged from $50 to $300 for a wife, and from $10 to $120 for a child, the grant of $10 being made in a town with a population of less than 7,500. Some of these allowances are subject to certain restrictions, for example, in several instances the number of dependent children who may receive allowances is limited to 2. In the case of the allowance for $120, a child is eligible only if he or she is the "first dependent," a grant of only $60 being made for the first child if an allowance is paid for the mother of the family.

In the 13 schedules which specify age limits of children eligible for allowances, 16 and 17 years are designated in 1 schedule each, 18 years in 5 schedules, 21 years in 2, and "minor children" in 4.

Married Men's Differentials

Payment of differentials to married men in 1944–45 was reported for the public-school systems in 62 communities. The 58 which stated the amounts of differentials between married men's salaries and those of other teachers are shown below by range of differentials.

	Number of cities
All cities reporting amount	58
Less than $100	4
$100–$199	16
$200–$299	[1] 23
$300–$399	[2] 10
$400–$499	3
$500 and over	2

[1] In 1 city $200 is maximum, minimum not stated; 2 cities provide for minimum of $200 and maximum of $400; 1 city provides for minimum of $250 and maximum of $650.
[2] In 1 city $300 is maximum; no minimum stated.

The median amount of differential in the 58 cities was $200. Data for 4 other cities reporting differentials could not be fitted into the type of summary given above.

Teachers' Attitudes on Family Allowances

Although salary differentials for men are "typical of New England school systems," only 11 percent of the male teachers reporting from

that section favored supplementary pay for all men, "whereas 48 percent of them favored equal pay with family allowances for both sexes." [3] This and other interesting facts are brought out in table 2, which summarizes opinions of teachers by region and by local salary policy.

TABLE 2.—*Opinions on Salary Differentials for Sex and for Dependency*

Reporting group	Number of teachers	Percent of teachers preferring each policy				
		Equal pay; no family allowance	Equal pay and family allowance for men and women	Equal pay except family allowance for married men only	Extra pay to all married men	Extra pay to all men
Regional groups:[2]						
New England:						
Women	233	70	24	5	(3)	1
Men	44	23	48	11	7	11
Middle East:						
Women	891	90	9	1	(3)	(3)
Men	232	51	23	10	8	7
Southeast:						
Women	414	87	8	1	1	3
Men	45	49	20	16	4	11
Middle States:						
Women	586	78	18	2	1	1
Men	82	29	35	12	15	9
Southwest:						
Women	213	89	9	(3)	1	(3)
Men	30	40	23	0	10	27
Northwest:						
Women	158	91	8	0	(3)	(3)
Men	23	13	65	13	4	4
Far West:						
Women	275	92	8	0	0	0
Men	70	50	26	7	10	7
Local salary-policy groups:						
Equal pay; no family allowance:						
Women	1,820	91	8	(3)	(3)	(3)
Men	366	50	26	10	8	6
Equal pay and family allowance for both men and women:						
Women	229	57	39	2	(3)	1
Men	39	8	56	21	5	8
Equal pay except family allowance for married men only:						
Women	278	73	21	5	1	(3)
Men	53	24	40	15	13	8
Extra pay to all men:						
Women	443	86	10	1	1	3
Men	68	40	22	1	12	25
All urban teachers	4,131	78	15	3	2	2
All women [4]	3,482	85	12	1	1	1
Elementary women	1,922	84	13	1	1	1
Secondary women	1,535	86	11	1	1	1
Men	649	41	28	10	11	10
Rural teachers	755	78	14	4	2	2
All women [4]	668	80	14	3	2	1
Elementary women	484	82	12	3	2	1
Secondary women	171	79	17	1	2	1
Men	87	60	14	10	6	10

[1] Percents do not always add to 100 because of rounding.
[2] Regional grouping limited to the twenty-five cities for which local salary policies were known.
[3] Less than 1 percent.
[4] Includes women teachers not distributed as to school division.

A poll of teachers' opinions as to the probable effect of higher salaries for men on women teachers' morale showed that "two-thirds of the men teachers in the equal-pay cities felt that salary differentials for

[3] National Education Association. Research Bulletin No. 4: The teacher looks at personnel administration. Washington, December 1945.

men would lower the morale of women teachers, whereas less than one-third of the men in cities where higher salaries were paid to men felt that the policy was bad for the morale of women teachers." Table 3 gives the viewpoints of a large group of teachers on the question. Only 3 percent of the women teachers and 13 percent of the men teachers reported in favor of a salary differential for dependents for both men and women as "the only fair set-up."

TABLE 3.—*Comments From 593 Teachers on Salary Differentials for Men Teachers and for Dependency*

Type of comment	Percent of teachers making each type of comment	
	Women	Men
Women who have spent the same amount of time and money on preparation and who do the same work as men teachers should receive same salaries	33	24
Many women teachers have to carry just as heavy a family load as men; therefore sex should not enter into consideration	18	3
Salary differential for men creates antagonism, resentment, dissatisfaction on part of women teachers because it is unjust, unfair, un-American, undemocratic	17	6
Dependents should be the individual's own responsibility and should not affect salaries	9	8
Women teachers generally work harder, are more efficient, more interested in teaching than men teachers—men certainly should not get *more* salary	6	0
Teachers should be paid enough so that additional charity payments for support of dependents would not be necessary	6	7
Salary differential for men is one way to get and keep men in the teaching profession	4	33
Many women have as many dependents as men; therefore a salary differential for dependents is the only fair set-up	3	13
Salary differentials for men tend to make women seek other work	2	1
Both men and women who do extra work should receive extra pay; women often do not	1	4
To provide differentials tends to lower the schedule for women	1	1
Total	100	100
Number of teachers making comments	504	89

The marginal and even submarginal character of the academic salary level is emphasized in "A Bill of Rights for the Married Professor," published in the Spring 1946 issue of the Bulletin of the American Association of University Professors.[4] The author declares that the professor's only way to "ride out an inflation" is by "accumulating hidden debts or actually borrowing." Various statistics on the high cost of children are analyzed. It is also stated in the article that "the easiest and probably the most satisfactory solution to the problem of faculty salaries would be to introduce a system of family allowances that would guarantee every teacher enough to support each additional dependent. * * * It would offer a measure of economic security which would enable the teacher to concentrate on his vocation instead of dissipating his energy in the pursuit of supplementary earnings."

New Provisions for Family Allowances in Three Countries[5]

THAT the family allowance movement continues to advance is evidenced by the British Act of 1945 providing such grants, and by other legislation liberalizing benefits in certain foreign countries. Another

[4] By Dr. Kerby Neill, of the Catholic University of America.
[5] Prepared by Mary T. Waggaman, formerly of the Bureau's Publications Staff.

indication of the trend is the recommendation for family allowances in the resolution concerning general social protection of children and young persons adopted at the International Labor Conference in Paris late in 1945.

A brief review of some of these developments is given below.

Czechoslovakian Family Allowance Act of 1945

An outstanding sociopolitical measure in Czechoslovakia in connection with currency reforms and parallel price and wage adjustments is the provision for family allowances, under an act of December 13, 1945.[2] This law stipulates that all employees (wage earners, clerks, railway employees, miners) included under the compulsory health-insurance system can claim an allowance for every child not otherwise provided for, under 18 years of age (in certain cases under 24), for whom such employees are responsible. If he is to be eligible for these grants, the child's income, combined with the allowance, must be less than 7,200 korunas a year. Children over 18 (and in no cases over 24) may have these benefits only as long as they are apprentices or students preparing for their future profession or are physically or mentally incapable of earning their living.

The family allowance is 150 Kčs. a month for each child, but cannot be granted in full unless the employee has been compulsorily insured for at least 25 days in any calendar month. In cases in which the compulsory insurance is for less than 25 and over 6 days, a grant of 6 Kčs. a day is made. If the compulsory insurance period is less than 6 days, no family allowance is paid. These benefits are disbursed by the health insurance institutions. The expenses in connection with their payment are met by a special premium, collected from employers only, of 4 percent of gross pay rolls. This premium is collected for the health insurance institution at the same time as are other social insurance premiums. "All legal rights and responsibilities under this law are held by the special Family Allowance Fund, set up under the Ministry of Labor and Social Welfare."

The act replaces and cancels a number of partial social provisions in operation in the territory of Czechoslovakia during the German occupation. These partial provisions were not so important nor extensive as the new measure. It is estimated that the number of children eligible for these benefits is 1½ million and the total cost of the allocations is approximately 3,000 million Kčs.

The law is considered of great social significance both in content and scope, the primary objective of this legislation being "to equalize the disparity between prices and wages levels for families with a large number of children."

Amendment of Finland's Family Allowance Law [3]

An amendment to the Finnish Family Allowance Act, effective July 1, 1943, became operative on January 1, 1946. The original law had provided that families with at least 5 children be paid from 800 to

[2] Czechoslovakia, Ministry of Labor and Social Welfare. Social Review, Prague, March 1946 (p. 46).
[3] Report (No. 275) of December 12, 1945, from Benjamin M. Hulley, Chargé d'Affaires ad interim, American Legation, Helsinki, Finland.

1,400 Finnmarks per annum for the fifth and for each subsequent child.

An amendment effective January 1, 1945, had provided that families with at least 3 children whose chief supporter is dead should be eligible for family allowances. At the same time the allowance was increased by 200 marks.

Under the January 1946 amendment, allowances are granted to families with 4 children and to 3-child families whose supporter has died or is unable to work. It is planned to double the allowance paid previous to January 1, 1946.

In 1943 the families receiving allowance numbered 27,650, and the total amount of these benefits approximated 44.2 million Finnmarks. Furthermore, allowances were also granted in the form of equipment, goods or purchase licenses, or other benefits in kind, aggregating 10 million Finnmarks. Among benefits in kind, children's clothing has the first place, and ranking next in the order shown are repair of living quarters and farm buildings, improvement of cultivation processes, furniture, household utensils, etc. Incomplete figures show that 30,150 families received family allowance in cash or in kind in 1943, representing about 48.1 million Finnmarks.

However, as the Chargé d'Affaires ad interim at the American Legation at Helsinki points out, "the amounts of family allowances are totally insignificant in the present status of the currency. Even if doubled, as proposed, the amounts would not have any appreciable effect on the economic situation of the recipients."

Effective Date of British Family Allowance Act[4]

On January 25, 1946, regulations under the British Family Allowance Act of 1945 (L. G. 1945, p. 812) were issued by the Minister of National Insurance. Application for the benefits must be certified by a responsible person. Payments of 5s. per week per child, except the first, are to begin on or before August 6, 1946, and will be made through the Post Office. The number of families who will benefit is estimated at 2,600,000; the number of eligible children at 4,500,000.

A child will be eligible for an allowance until July 31 after his or her sixteenth birthday so long as the young person is taking full-time school instruction (the statutory school-leaving age is now 14, but will be raised to 15 after April 1, 1947), or so long as he or she is apprenticed. A school is defined as "any university, college or school within the meaning of the Education Acts."

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[4] Ministry of Labour Gazette, London, February 1946 (pp. 47–48).

Labor Laws and Decisions

Recent Decisions of Interest to Labor[1]

Fair Labor Standards Act

"HOURS WORKED" under act clarified.—The plant of the Mt. Clemens Pottery Co. covers more than 8 acres of ground and is about a quarter of a mile in length. Different shifts begin at different times during the day, with whistles frequently indicating the starting time for productive work. The employees are required to punch time clocks before the time set by the employer for the beginning of each shift. The employees then walk to their places of work and perform various preliminary duties, such as putting on aprons and overalls, preparing the equipment, etc., before starting productive work at the hour scheduled by the employer.

The company computed their hours worked under the Fair Labor Standards Act as beginning with the even quarter-hour immediately following their punching the clock, so that an employee who punched in at 6:46 would be figured as starting work at 7; or an employee who punched in at 7:01 would only be compensated from 7:15. Likewise, the quarter-hour immediately preceding the time when they punched out was not counted by the employer as compensable working time. The employees contended that they should be paid for all hours shown on the time cards, including time spent walking from the time clock to the place where productive work was to be performed and time spent in "make-ready" activities prior to the commencement of productive work.

As to time clocks, the United States Supreme Court held[2] that "only when they accurately reflect the period worked can they be used as appropriate measurement of the hours worked." The Court refused to adopt the view of the employees that all time shown on the time cards should be considered hours worked. The Court went on to say that the employees did not prove that they were engaged in work from the moment when they punched in at the time clocks to the moment when they punched out. Furthermore, although 14-minute periods might be used in which to punch the time clocks, to walk to the places of work, and to prepare for productive labors, there was no requirement that an employee check in or be on the premises at any particular time during that 14-minute interval. Indeed, as the Court pointed out, "it would have been impossible for all members

[1] Prepared in the Office of the Solicitor, Department of Labor. The cases covered in this article represent a selection of the significant decisions believed to be of general interest. No attempt has been made to reflect all recent judicial and administrative developments in the field of labor law nor to indicate the effect of particular decisions in jurisdictions in which contrary results may be reached, based upon local statutory provisions, the existence of local precedents, or a different approach by the courts to the issue presented.

[2] *Anderson* v. *Mt. Clemens Pottery Co.*, 6 Sup. Ct., June 1946.

of a particular shift to be checked in at the same time, in view of the rate at which the time clocks were punched." The first person in line at the clock would be checked in at least 8 minutes before the last person, and it would, consequently, be unfair to credit the first person with 8 minutes more working time than was credited to the last person. The Court did not pass on the question whether time spent waiting to punch the clock should be considered hours worked.

The Court held, however, that the time spent by the employees in walking to work on the employer's premises following the punching of the time clocks was "working time," since such time was under the complete control of the employer and depended solely on the physical arrangements which the employer made in the factory. "Without such walking on the part of the employees, the productive aims of the employer could not have been achieved." The Court concluded that "work of that character must be included in the statutory workweek and compensated accordingly, regardless of contrary custom or contract." However, the Court suggested that where the minimum walking time consumed was negligible the de minimus rule could be applied.

The Court also sustained the contention of the employees that preliminary activities after arriving at their places of work, such as putting on aprons and overalls, removing shirts, turning on switches for lights and machinery, opening windows, and assembling and sharpening tools, constitute working time. These activities, the Court said, involve exertion of a physical nature controlled or required by the employer and pursued necessarily and primarily for the employer's benefits. However, it was pointed out that where time spent in preliminary activities is insubstantial and insignificant, it need not be included in the statutory workweek.

Justices Burton and Frankfurter dissented from the majority opinion as to compensation for time spent in walking to the places of work and preliminary activities in putting on aprons and overalls and preparing the equipment for productive work. These justices pointed out that employees were free to take whatever course through the plant they desired and to stop over at any point to talk with any other employees, or to do whatever else they liked. They pointed out that some workers come to the time clocks as late as 1 minute before the time to reach their place of productive work. Furthermore, the minority justices pointed out that the employer would have great difficulty in keeping an accurate record of the time spent by each employee in such activities. The dissent also distinguished the activities involved in this case from those made the basis of compensable time in the coal-mine portal-to-portal cases (*Tennessee Coal Co.* v. *Muscoda Local*, 321 U. S. 590).

"Executive" and "administrative" exemptions clarified.—In this case,[3] three licensed operating engineers in charge of the company's steam and electric power generating and heating plant were classified as "executives" by their employer, thus purporting to exempt them from the overtime provisions of the Fair Labor Standards Act.

Except when the chief engineer is present, each of the three engineers is the sole employee in the power plant during his shift. As

[3] *Walling* v. *General Industries Co.*, C. C. A., 6th Circuit, May 28, 1946. See also *Walling* v. *Utica Knitting Co.*, U. S. D. C., N. D. of N. Y., April 26, 1946.

operating engineers these men are in charge of four large steam boilers, three large direct-current electrical generators, compressors, pumps, engines, and other mechanical equipment. The three engineers are individually responsible during their respective shifts for the operation of this machinery, and for keeping it in good condition. They are required to pack the water pumps, to wipe and oil the engines, and to make minor emergency repairs. They mop the floors and do everything necessary to keep the plant clean and in proper working condition. They make minor adjustments, read the gages, and are constantly on watch for indications of trouble.

A fourth employee, for whom an "administrative" exemption was claimed, was an assistant paymaster in the pay-roll department, whose duties consisted of being in charge of the business machines, with two assistants and five women operators to manipulate them. His work was 80 percent nonmanual, and the manual work he did of setting the machines was a highly skilled operation.

In the case of the three engineers, the Circuit Court of Appeals found that they were not "executives" as that term is defined by the Administrator of the Fair Labor Standards Act. The court pointed out that no discretion was involved in the operation of the machinery, although it was admittedly skilled mechanical work, and that the engineers could not hire or fire, or ever give orders to other employees.[4] The court added that the framing of the regulations was given by Congress to the Administrator, and although he might well have exempted operatives of complex machinery, he had not done so, and the court would not add provisions to the statute.

In the assistant paymaster's case, however, the court held that the "administrative" exemption was properly applied by the employer, as the employee met all of the tests prescribed by the Administrator's regulation. The assistant paymaster was in direct authority over two men and five women, who performed the actual manual work of his department. Furthermore, the circuit court sustained the district court's finding that he regularly and directly assisted another employee in a bona fide executive or administrative capacity in nonmanual work, and that he performed, only under general supervision, responsible nonmanual office work requiring the exercise of discretion and independent judgment.

However, since the circuit court further found that all of these employees had been compensated in accordance with the overtime provisions of the act, it affirmed the district court's denial of an injunction.

Draftsmen and timekeepers of dredging contractor covered.—A recent case [5] involving coverage of employees under the Fair Labor Standards Act concerned white-collar workers, draftsmen who designed and laid out the work, and timekeepers who kept time for all employees working on the defendant's project. The defendant in this case was a dredging operator, and the particular project involved was the dredging of two channels in Puget Sound, as well as building piers and retaining walls in the Bremerton Navy Yard.

All employees had been paid time and a half for building the piers, dredging, etc., except the draftsmen and timekeepers. The court held

[4] In this connection, the circuit court refused to accept the trial court's finding that the employees in question supervised the firemen and coal passers in the adjacent boiler room.

[5] *Rich* v. *Puget Sound*, C. C. A., 9th Circuit, June 20, 1946.

that the latter were also entitled to time and a half for overtime under the Fair Labor Standards Act. It said that these men were engaged in commerce within the meaning of the act,[6] citing evidence to the effect that combat vessels of the Navy used the channels and piers, and that these vessels were engaged in transporting mails, commercial merchandise, etc. The court expressly distinguished the case of *Nieves* v. *Standard Dredging Corp.*[7] in which the employees were held not covered under the act, because, in that case, the bay where the dredging took place was inland and not connected with navigable waters, nor had it ever been used in interstate commerce. The court also pointed out that in a similar case (*Walling* v. *Patton-Tully Transportation Co.*, 134 Fed. (2d) 945), involving the construction of dikes and revetments on the Mississippi, it had been held, as in the present case, that the river was a highway of interstate commerce and that the employees of the dredging company were covered by the Fair Labor Standards Act.

Reformation of employment agreement denied.—When the Wage and Hour Law went into effect, the defendant company commenced paying its plant-protection guards at the overtime rate for overtime hours, but failed to include as working time 24 minutes spent each day in preparatory duties. Conceding that the preparatory work constituted hours worked under the law,[8] the company contended, nevertheless, that its failure so to regard it resulted from a mistake of law shared by the employees, and that this mutual mistake warranted reformation of the employment agreement to reflect the free intent of the parties. The Sixth Circuit Court of Appeals[9] rejected this contention, holding that there was no evidence of any mistake on the employees' part, they having had no alternative but to accept the arrangement offered them by their employer.

Reemployment Rights

Veterans' reemployment rights further defined.—Several recent decisions have clarified the reemployment rights of veterans under the Selective Training and Service Act. The United States District Court in Puerto Rico,[10] in considering the case of an insular policeman who was appointed for 2 years, and then inducted into the Army with but 5 months of his 2-year term remaining, decided that he was entitled to be reinstated without loss of seniority and not to be discharged without cause within a year.

A similarly liberal construction was made by a Federal Court in Massachusetts,[11] where the chief of police of the defendant company was inducted into military service with the Coast Guard and assigned to the same position with the same company. The company paid him the difference between his former salary and his Coast Guard salary, but subsequently the company charged him with insubordination and terminated its relations with him. The Coast Guard transferred him to other duty, and on his release from service the company

[6] "Commerce means trade, commerce, transportation, trans nission, or communication among the several States or from any State to any place outside thereof." 29 U. S. C., sec. 203.
[7] 152 Feb. (2d) 719 (discussed in Monthly Labor Review, March 1946, p. 436).
[8] On this point see the decision of the U. S. Supreme Court in *Anderson* v. *Mt. Clemens Pottery Co.*, in this issue (p. 249).
[9] *Yellow Truck & Coach* v. *Edmonson*, C. C. A., 6th Circuit, May 13, 1946.
[10] *Lopez* v. *Insular Police Comm.*, U. S. D. C., Puerto Rico, May 29, 1946.
[11] *Dacey* v. *Bethlehem Steel Co.*, U. S. D. C., Mass., May 14, 1946.

refused to reemploy him. The court held that while the man was in the Coast Guard, he was under the exclusive jurisdiction of the Coast Guard, and no relationship between him and his former employer could operate as a waiver of his rights to reemployment. The company's extra payment was a gratuity which they could cut off at will, but he was, upon release from active duty, entitled to reemployment for 1 year.

However, a third case [12] involving a veteran, held that misconduct towards his corporation while on duty in the Navy disqualified him from returning to his former job as vice president of the corporation. The plaintiff (the veteran) had disagreed with certain changes in the board of directors proposed by the majority stockholders and president, and had written letters both to customers of the corporation and to its employees indicating that he was forming a new company to carry on the same type of business and seeking their help. He was removed from the board of directors and vice-presidency while in the service. The court said that in view of his disloyalty and prejudicial activities, he was not "still qualified" to perform the duties of an officer of the corporation. It also indicated that this was not really an employer-employee matter, but a controversy between majority and minority stockholders.

Labor Relations

Series of work stoppages by employees held to constitute unfair labor practice.—The Wisconsin Employment Relations Board decided [13] that a union which directed and organized 27 work stoppages by calling union meetings during a 5-month period of negotiation for a new contract, to compel the employer to accede to union demands, did not thereby engage in an orderly strike but in a concerted effort to interfere with production in violation of the Wisconsin Employment Peace Act.

The Wisconsin act provides (sec. 111.06 (2) (h)) that it shall be an unfair labor practice for an employee, individually or in concert with others, "to engage in any concerted effort to interfere with production except by leaving the premises in an orderly manner for the purpose of going on strike." The board pointed out that if these stoppages constituted a strike, then the strikers would maintain their status as employees and could not be discharged by the employer for engaging in that type of activity. However, when employees withdraw their labor only during limited periods of time, rather than during the entire working day, and continue to work upon their own notion of the terms that should prevail, which terms are not acceptable to the employer, such acts do not constitute a strike, and the employer is justified in discharging the employees, their status as employees being thereby destroyed.

Election under National Labor Relations Act in seasonal industry.—In this case, 7 months had elapsed between the original election and a proposed run-off.[14] The National Labor Relations Board found that it was probable that less than 50 percent of the employees who were employed during the season of the original election would be reemployed during the current season, and in such a case its regular run-off

[12] *McClayton* v. *W. B. Cassell Co.*, U. S. D. C., Md., June 1, 1946.
[13] *In re Briggs & Stratton Corp. and International Union, Local 232, U. A. W. A.* (AFL), Case No. 1173 Cw-64, May 11, 1946.
[14] *In re Cleveland Cliffs Iron Co.*, 68 NLRB, No. 15, May 17, 1946.

procedure would not apply. It held that proper representation could be had only by holding a new election among employees who were employed during the current season. As an additional safeguard, the ballot in the new election must include all the choices which appeared on the ballot in the original election.

Dairy employees not exempt as agricultural laborers from National Labor Relations Act.—Employees of a dairy were engaged in receiving shipments of milk from farmers, weighing, testing, separating the cream from the milk, and processing the byproducts. They did no work on the farm. The dairy received milk from approximately 750 farmers.

The National Labor Relations Board held that these dairy employees were not agricultural laborers who are excepted from the definition of "employee" in the National Labor Relations Act.[15] The Board said that employees who specialize in preparing farm products for trade or shipment after they have been sent from the farm are not agricultural laborers as that term is used in the National Labor Relations Act.

Bargaining representative for single employee.—The Massachusetts Labor Relations Commission was recently presented with the question of whether an apartment house owner may refuse to bargain with a union which represents his sole employee, the building superintendent.[16] The commission stated that the purpose behind the State Labor Relations Act was similar to that behind the National Labor Relations Act and that the State act was to be liberally construed. It cited previous decisions of the New York and Pennsylvania labor commissions and agreed with them that a single employee has the right to designate a union to bargain with the owner for him.

The owner had protested that a single employee was not an appropriate unit for collective-bargaining purposes, but the commission pointed out that trade harmony was just as important in an industry having many employers, each with a single employee as in any other, and that individual employees were entitled to rights under the Massachusetts Labor Act as much as if they had fellow employees.

Sherman Anti-Trust Act violation.—An employers' association comprising 18 companies in the photoengraving business had an agreement with a photoengravers' union which prohibited night work by union members unless both the union and the employers' association consented. The plaintiff company, not a member of the association, had 27 union members in its employ, 22 working at night. The plaintiff company sought the consent of the employers' association and union to negotiate an agreement with the union for night work. However, the consent was not forthcoming because of the objection of the employers' association, and the union ordered the plaintiff's employees to cease working at night.

The Circuit Court of Appeals pointed out that the union did not have any grievance or dispute with the plaintiff company about labor or working conditions. It also found that the practical result of the combined action of the union and employers' association was to put the plaintiff out of the photoengraving business entirely. The court further stated that the combination of the union and employers' association to refuse permission for night work by the plaintiff's

[15] *In re Milton Cooperative Dairy Corp.*, 68 NLRB, June 11, 1946.
[16] *In re Tetlow Realty Associates, Inc.*, Massachusetts Labor Relations Commission, May 1, 1946.

employees was instigated by the employers' association, composed of competitors of the plaintiff who objected to the lower prices the plaintiff charged for photoengraving. The court therefore held that the combination of the union and employers' association restrained interstate commerce and violated the Sherman Anti-Trust Act.[17]

State Court Decisions

Picketing a business having no employees upheld.—The Minnesota Supreme Court recently held that a union lawfully picketed a barber shop which had no employees other than the owner himself, for the purpose of compelling the owner to join the union.[18] Affirming the decision of the lower court, which denied the barber's complaint for an injunction restraining the union from picketing, the court said that the union's action was a lawful exercise of the right of freedom of speech secured by the fourteenth amendment to the Federal Constitution.

No question was raised as to the picketing not being peaceful, but the complaint did allege that as a result of the picketing, patronage of the barber shop fell off and delivery men refused to cross picket lines to deliver supplies. The court held, however, that the decisive issue was the union's right to freedom of speech as guaranteed by the fourteenth amendment. It distinguished a previous case[19] in which a union had peacefully picketed premises on which a person was erecting a house with his own hands, by pointing out that in that case the union was not seeking to induce the person picketed to join the union, as here, but to compel him to let the work to others who would employ union labor. In that case, also, the court had upheld the union's right to picket on the grounds of freedom of speech. The court extended the doctrine of a United States Supreme Court decision[20] which upheld the right of a union to picket a cafeteria run entirely by partners and having no employees. The Minnesota court, in citing this decision as authority for its holding, said that the fact that there was only one man involved in the present case, instead of several partners, made no difference.

Arbitrator in employer-union dispute removed by court.—The Supreme Court of New York appointed an arbitrator to settle a dispute between an employer and a union. It later removed the arbitrator although his honesty and integrity were not questioned, and appointed a successor, and this action was affirmed by the New York Court of Appeals. (*Western Union* v. *Selly, et al.*, June 13, 1946.)

The court held that the removal of the arbitrator was within the discretion of the court, although a dissenting opinion pointed out that he was removed solely because he had expressed certain social, economic, and political views, and that no charge of bias, prejudice, dishonesty, or interest in the controversy had been made against him. The dissent said that the lower court had abused its discretion in removing the arbitrator, whose views were neither vicious, antisocial nor unlawful but were the same as those held by many judges, high and low.

[17] *Phila. Record Co.*, v. *Mfg. Photo-Engravers Assn.*, U. S. C. C. A., 3d Circuit, May 17, 1946.
[18] *Coons* v. *Journeymen Barbers, et al*, Minn. Sup. Court, May 31, 1946.
[19] *Glover* v. *Minneapolis Bldg. Trades Council*, 215 Minn. 533.
[20] *Cafeteria Employees Union* v. *Angelos*, 320 U. S. 293.

Savings and Intended Purchases

THE amounts of money people receive and save, and the expenditures they make, will be so important in determining living costs and business activity in the next few years that a governmental study was undertaken [1] in the first quarter of 1946 to obtain information on the distribution of liquid funds in 1945, prospective savings in 1946, and the goods that savings and current income are expected to buy in 1946. Interviews with persons in a selected sample showed that their 1945 liquid assets in bank deposits and Government securities (excluding currency) averaged about $1,750 per spending unit. A spending unit comprises all persons of the same family living in the same dwelling who pool their income to meet their major expenses. The distribution of liquid assets was extremely uneven. For example, the 30 percent of all spending units with the largest liquid assets each had more than $1,100, and together controlled seven-eighths of such assets; the 40 percent having the smallest assets averaged $40 each—1 percent of total assets held. Expected purchases averaged $1,100 for a car, $320 for various consumer durable goods other than automobiles, and $5,020 for a house. Statements from large savers regarding their expected savings in 1946 indicate that the volume saved will be smaller than in 1945. If the 1946 gross savings are two-thirds of those in the previous year, the resulting increase in spending will exceed the amount likely to result from the use of the amount previously saved.

Distribution of Liquid Assets Held

The liquid assets exclude currency holdings, owing to the inability of those making this study (as in other surveys) to obtain information on currency in the possession of those covered. Sixty percent of the other types of savings, in 1945, were held by 10 percent (with highest income) of the spending units having 29 percent of the money income. In all, 97 percent of the liquid assets were concentrated in the possession of the upper 50 percent of the spending units having 78 percent of the money income. The remaining 3 percent of assets were held by the lower 50 percent of spending units having 22 percent of the total income. Variations in the distribution of the savings are shown below, according to the relative income position of the different spending units.

[1] A National Survey of Liquid Assets (reprinted from Federal Reserve Bulletin, June 1946). The article is a summary of part I of a report prepared in the Division of Program Surveys, Bureau of Agricultural Economics, U. S. Department of Agriculture.

Spending units by income levels:	Assets: Percent of total	Assets: Average amount
Highest 10 percent	60	$10,500
Next 20 percent	27	2,350
Next 30 percent	12	700
Remaining 40 percent	1	40
Total	100	1,750

Intended Use of Funds

Those interviewed stated, in the large majority of cases, that they had no expectation of using their liquid assets for any purpose in 1946. According to the report under review, this attitude may have resulted from the timing of the inquiry (early 1946) as people may still have held to the wartime view that their liquid assets were not intended for consumption purposes. Owing to the large volume of liquid assets, the release of only a small percentage of holdings could affect consumer spending appreciably. In reaching conclusions on "the amount of liquid assets likely to be used for consumption purposes (including the purchase of building of houses other than farm houses)" the volume of purchases that is likely was ascertained, as shown in the table following.

Estimate of Intended Purchases of Consumer Durable Goods and Housing in 1946 [1]

Kind of purchase	Will buy	Will probably buy	Undecided on purchase	Will not buy	Not ascertained
Automobiles:					
Spending units, percent	8	3	2	84	3
New car purchasers, number (in millions)	2.8	1.0	.6		
Old car purchasers, do	.8	.4	.3		
Other consumer durables:					
Spending units, percent	22	6	5	63	4
Purchasers, number (in millions)	9.9	2.7	2.2		
Housing:					
Spending units, percent	6	1	2	83	8
Purchasers, number (in millions)	2.6	.5	.8		

[1] The number of purchasers has been estimated by multiplying the number of spending units interviewed in each category by the ratio of the estimated number of all spending units to the total number interviewed. Some underestimate is involved, as no allowance is made for transients, institutional residents, or the armed forces.

Taking into account only those who stated that they would buy or would probably buy consumer durable goods, including housing, the total estimated expenditures are as follows:

	Billions of dollars
Automobiles (at $1,100 on the average)	4.0–5.5
Other consumer durable goods (at $320 on the average)	3.2–4.0
Houses (at $5,020 on the average [1])	13.0–15.5

[1] The intended housing expenditure of those interviewed seems unrealistic in the light of the inflation in house prices. According to Inflation in Homes and Home Sites, issued by the National Housing Agency in April 1946 (p. 3), the city house that was priced at under $6,000 in the spring of 1940 was priced 65 percent higher on the average in February 1946; $6,000 to $12,000 houses increased in price by 57 percent in the same period.

In making purchases, the expressed intention of those interviewed was to cover about one-quarter of expenditures for consumer goods, including cars, from existing liquid assets; around two-fifths from current income; and roughly one-third from borrowing. For housing,

one-fourth would come from liquid assets; one-sixth from current income; and almost three-fifths from borrowing.

It was estimated that intended expenditures of liquid assets would total 5 billion dollars in 1946. If the expenditures of those who stated they would probably buy are included, the total is raised to 6.7 billion dollars. However, owing to lack of production of cars (to cite the only example for which data were calculated) it seems unlikely that in actual practice more than 60 percent of intended expenditure of 3.8 billion dollars for new cars and 1.2 billion dollars for used cars will be realized. If people should be able to buy from new production in 1946 some two-thirds of the consumer durable goods (including automobiles) and one-quarter of the houses that they said they will or probably will buy, between 2 and 3 billion dollars of liquid assets would be spent in 1946 for new production. Part of this expenditure would be offset by current saving.

In addition to the amount of liquid assets spent for new durable goods and housing, there will be expenditures for other consumption items, such as living expenses, medical care, and vacations. Dissaving (expenditure in excess of income) for the latter purposes amounted to 2.9 billion dollars in 1945. If the total should reach 4 or 5 billion dollars in 1946, the total use of liquid assets for consumption may run from 5 to 7 billion dollars.[2] An expenditure of this size could add materially to prevailing inflationary pressure. However, actual developments may not confirm these estimates.

Savings in 1945 and 1946

Even if existing liquid assets on hand are little used in 1946, they may induce consumers to reduce their savings in 1946 and thus have an important indirect effect on consumption. It is also indicated that large savers will save less in 1946 than they did in 1945. However, more than half of the spending units expected to maintain or increase their savings, and less than 20 percent definitely expected to save less. The outlook is not clear, but the encouragement that existing holdings give people to maintain their consumption in a period of rising prices or other difficulties (at the expense of current saving) may be the most important effect of liquid assets on the economy.

[2] The original report states that these estimates are rough and the error may be very substantial.